Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN of the Fifteenth 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 04, 2014 at 11.30 a.m. for the following purposes:

ORDINARY BUSINESS:

1. To receive and consider the Accounts for the year ended March 31, 2014, and the Reports of the Auditors and Directors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Mr. A K Ravi Nedungadi, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this connection, to consider and if thought fit, to pass with or without modification, the following Resolution as an **ORDINARY RESOLUTION:**

   RESOLVED that Messrs S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W), the retiring Auditors be re-appointed as Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 (the "Act"), the Companies (Audit and Auditors) Rules, 2014, and such other applicable provisions, if any, of the Act, or Rules framed thereunder to hold office from the conclusion of this Annual General Meeting till the conclusion of the 18th Annual General Meeting of the Company subject to ratification of their appointment at every Annual General Meeting and that their remuneration be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:

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

   RESOLVED that Mr. Roland Pirmez (DIN 02566221), who in terms of Section 161 of the Companies Act, 2013 (the "Act"), 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 160 of the said Act, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

   RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Rules framed thereunder, read with Schedule IV of the Act, Mr. Chhaganlal Jain (DIN 00102910), a non-executive Independent Director of the Company, being eligible for appointment as Independent Director as per the provisions of the Act and Rules framed thereunder and in respect of whom a notice has been received from a Member under Section 160 of the said Act, be and is hereby appointed as an Independent Director of the Company with effect from September 04, 2014 to September 03, 2019.

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

   RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Rules framed thereunder, read with Schedule IV of the Act, Mr. Chugh Yoginder Pal (DIN 00106536), a non-executive Independent Director of the Company, being eligible for appointment as Independent Director as per the provisions of the Act and Rules framed thereunder and in respect of whom a notice has been received from a Member under Section 160 of the said Act, be and is hereby appointed as an Independent Director of the Company with effect from September 04, 2014 to September 03, 2019.

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

   RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Rules framed thereunder, read with Schedule IV of the Act, Mr. Sunil Alagh (DIN 00103320), a non-executive Independent Director of the Company, being eligible for appointment as Independent Director as per the provisions of the Act and Rules framed thereunder and in respect of whom a notice has been received from a Member under Section 160 of the said Act, be and is hereby appointed as an Independent Director of the Company with effect from September 04, 2014 to September 03, 2019.

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

   RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Rules framed thereunder, read with Schedule IV of the Act, Ms. Kiran Mazumdar Shaw (DIN 00347229), a non-executive Independent Director of the Company, being eligible for appointment as Independent Director as per the provisions of the Act and Rules framed thereunder and in respect of whom a notice has been received from a Member under Section 160 of the said Act, be and is hereby appointed as an Independent Director of the Company with effect from September 04, 2014 to September 03, 2019.

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

    RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Rules framed thereunder, read with Schedule IV of the Act, Mr. Madhav Bhatkuly (DIN 00796367), a non-executive Independent Director of the Company, being eligible for appointment as Independent Director as per the provisions of the Act and the Rules framed thereunder and in respect of whom a notice has been received from a Member under Section 160 of the said Act, be and is hereby appointed as an Independent Director of the Company with effect from September 04, 2014 to September 03, 2019.

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

    RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Rules framed thereunder, read with Schedule IV of the Act, Mr. Stephan Gerlich (DIN 00063222), a non-executive Independent Director of the Company, being eligible for appointment as Independent Director as per the provisions of the Act and Rules framed thereunder and in respect of whom a notice has been received from a Member under Section 160 of the said Act, be and is hereby appointed as an Independent Director of the Company with effect from September 04, 2014 to September 03, 2019.

12. To consider and if thought fit, to pass with or without modification, the following Resolution as a **SPECIAL RESOLUTION:**

    RESOLVED that pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 (the "Act"), and such other applicable provisions, if any, of the Act or Rules framed thereunder, including any statutory modifications or re-enactment thereof from time to time, the Foreign Exchange Management Act, 1999, and Rules framed thereunder, and such other applicable laws, if any, the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee thereof exercising the powers conferred on the Board by this Resolution) be and is hereby authorized to borrow moneys from any Bank(s) and / or any Public Financial Institution(s) as defined under Section 2(72) of the Companies Act, 2013 and / or any Foreign Financial Institution(s) and / or any other entity / entities or authority / authorities and / or through suppliers credit, securities, instruments such as floating rate notes, fixed rate bonds, syndicated loan, etc., and / or through credit from official agencies and / or by way of commercial borrowings from the private sector window of Multilateral Financial Institutions, either in Rupees or in such foreign currency as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs. 2,500 Crore or equivalent thereof in foreign exchange as may be required from time to time for the Company's activities and/or for general corporate purposes including capital expenditure, working capital requirements, strategic investments, any mergers, de-mergers, amalgamations, acquisitions, reconstructions or rearrangements or any other re-organizations as the Board may deem fit for the purpose of the business of the Company, notwithstanding that moneys so borrowed together with the moneys already borrowed by the Company, if any, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose, provided that the total amount of the moneys to be so borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs.2,500 Crore or equivalent thereof in foreign exchange at any one time.

    Further **RESOLVED** that consent and authority be and are hereby given to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee thereof exercising the powers conferred on the Board by this Resolution) to do all such acts, deeds, matters and things as it may at its discretion deem fit and proper in the aforementioned premises including, if and when necessary, creation of such mortgage(s) and / or charge(s) in respect of the securities on the whole or substantially the whole of all or any of the undertaking(s) of the Company as contemplated by Section 180(1)(a) of the Companies Act, 2013 (the "Act"), and such other applicable provisions if any, of the Act or Rules framed thereunder, including any statutory modifications or re-enactment thereof from time to time, in connection therewith and to perfect and execute all requisite documents or writings for giving effect to this Resolution.

13. To consider and if thought fit, to pass with or without modification, the following Resolution as a **SPECIAL RESOLUTION:**

    RESOLVED that pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Rules framed thereunder, including any statutory modifications or re-enactment thereof from time to time, certain Regulations contained in the existing Articles of Association ("AoA") of the Company be and are hereby altered appropriately by making such modifications, substitutions, or deletions so as to be compliant and in conformity with the Act and the Regulations appearing herein below be approved as the amended Regulations in modification, substitution, alteration or exclusion of such existing Regulations in the AoA of the Company where required:

i. Reference of "Table A, in the First Schedule to the Companies Act, 1956" as appearing in Article 1 of the existing AoA shall be replaced and read as **"Table F, in the Schedule I to the Companies Act, 2013"**.

ii. The definition of "Act" as appearing in Article 2 of the existing AoA shall be replaced and read as:
"Act" means The Companies Act, 1956 or The Companies Act, 2013, as may be applicable (including any statutory modification or re-enactment thereof from time to time)".

iii. Reference of "Section 81" of the Companies Act, 1956 as appearing in Article 5A of the existing AoA shall be replaced by and read as **"Section 62"** of the Act and the reference of "subject to the compliance with the provisions of Section 79 of the Act" as appearing in Article 5A of the existing AoA shall be replaced by and read as **"in accordance with and to the extent permitted under Section 53 of the Act"**.

iv. Reference of "Sections 153, 153A, 153B and 187B" of the Companies Act, 1956 as appearing in Article 16(iv) of the existing AoA be deleted from the said Article and the reference of Sections "187C and 372A" in Article 16(iv) shall be replaced and read as **"Sections 89 and 186"** respectively of the Act.

v. Article 16(vii) in the existing AoA shall stand deleted and is replaced by the following new Article 16(vii):
"Notwithstanding anything to the contrary contained in the Articles, the provisions of Section 45 of the Act not to apply to the Shares with a Depository and the provisions of Section 56 not to apply to transfer between persons both of whose names are entered as holders of beneficial interest in the records of a Depository".

vi. Reference of "Section 79A" of the Companies Act, 1956 as appearing in Article 17 of the existing AoA shall be replaced by and read as **"Section 54"** of the Act.

vii. Reference of "Section 91" of the Companies Act, 1956 as appearing in Article 22 of the existing AoA shall be replaced by and read as **"Section 49"** of the Act.

viii. Reference of "Section 92" of the Companies Act, 1956 as appearing in Article 25 of the existing AoA shall be replaced by and read as **"Section 50"** of the Act.

ix. Reference of "Section 108" of the Companies Act, 1956 as appearing in Article 33 of the existing AoA shall be replaced by and read as **"Section 56"** of the Act.

x. Reference of existing "Section 111A" of the Companies Act, 1956 as appearing in Article 35 of the existing AoA shall be replaced by and read as **"Section 58(2)"** of the Act.

xi. Reference of "Sections 109A and 109B" of the Companies Act, 1956 as appearing in Article 40 of the existing AoA shall be replaced by and read as **"Section 72 and 56"** respectively of the Act.

xii. Article 115.5 in the existing AoA shall stand deleted and is replaced by the following new Article 115.5:

"The Managing Director / CEO and the Director appointed as the CFO shall be those whose office as Director shall not be liable to retire by rotation under these Articles".

xiii. Article 138 in the existing AoA relating to Disqualification of Directors shall stand deleted and is replaced by the following new Article 138:

"The office of a Director shall ipso facto be vacated if he incurs any of the disqualifications under Section 167 of the Act".

xiv. Reference of "Section 219" of the Companies Act, 1956 as appearing in Article 175 of the existing AoA shall be replaced by and read as **"Section 136"** of the Act.

xv. Reference of "Section 208 C" of the Companies Act, 1956 as appearing in Article 183 in the existing AoA shall stand deleted.

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

RESOLVED that the Company's Directors other than a Managing Director or Director(s) in the whole-time employment of the Company, be paid at the discretion of the Board of Directors, every year a remuneration up to one percent of the net profits of the Company, in terms of the Companies Act, 2013 and Rules framed thereunder including any statutory modifications or re-enactment thereof from time to time, which amount they may apportion among themselves in any manner they deem fit, in addition to sitting fees, if any, payable to each Director for every Meeting of the Board or Committees thereof attended by him/her and that this Resolution shall remain in force for a period of five years from the date of this meeting.

15. To consider and if thought fit, to pass with or without modification, the following Resolution as a **SPECIAL RESOLUTION:**

RESOLVED that pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, consent of the Company be and is hereby accorded to Mr. Umesh Hingorani, a relative of Dr. Vijay Mallya, Chairman of the Company, to hold an office or place of profit as Divisional Vice President – Business Development for a period of five years with effect from July 01, 2014 on the following terms:

1.	Basic Salary	Rs.2,37,500/- per month. (Increments beyond the present basic salary of Rs. 2,37,500/- and Promotion shall be based on his performance appraisal from time to time and to be approved by the Board of Directors/Committee thereof).
2.	Housing	Company leased furnished / unfurnished residential accommodation or House Rent Allowance of 50 per cent of salary in lieu thereof.
3.	Personal Allowance	Rs.85,000/- per month.
4.	Flexible Compensation Package – I	Rs.7,500/- per month (Comprising of Leave Travel Allowance).
5.	Flexible Compensation Package – II	Rs.57,366/- per month {Comprising of Car lease rent, Lunch vouchers, House repairs / maintenance / painting and Fuel (fuel allowance shall vary from time to time to accommodate increase in price)}.
6.	Flexible Compensation Package – III	Rs.11,500/- per month (Comprising of Driver's Salary).
7.	Reimbursement of Medical Expenses	At actuals.
8.	Reimbursement of Utility Expenses	At actuals.
9.	Performance Evaluation Payment	Of such percentage of Basic Salary per annum as may be evaluated by the Management, based on performance appraisal, in accordance with the Rules of the Company, in this regard.

10.	Performance Incentive Payment	As per the Rules framed in this regard based on performance appraisal.
11.	Long Term Incentive Payment	As per the Rules framed in this regard based on performance appraisal.
12.	Company Assets	Entitled to purchase Home Appliances / Personal Computer as per Company Policy up to a maximum of Rs.1,50,000/-.
13.	Club Membership	Rs.50,000/- maximum (for one Club) and subscription / facility utilization fees at actuals as per Rules of the Company.
14.	Telephone Expenses	At actuals.
15.	Gratuity, Provident Fund and Superannuation Fund	As per the Rules framed in this regard.
16.	Insurance	Premium as per the Rules of the Company covered under Group Term Life Insurance / Group Medical Policy and Personal Accident Insurance.
17.	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 by the Board of Directors / Committee to be paid to Mr. Hingorani. All allowances, perquisites, etc. shall be valued as per Income Tax Rules, 1962 as amended from time to time.	

Further **RESOLVED** that pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and Rules framed thereunder, the appointment and remuneration (including perquisites, benefits and amenities, etc.) paid to Mr. Hingorani holding office as Divisional Vice President – Business Development for the period from April 01, 2014 to June 30, 2014 i.e. from the date of implementation of Section 188 of the Act till the date of appointment for a fresh term of five years as mentioned in the above Resolution as per the terms and conditions of his employment be and is hereby ratified and confirmed.

Registered Office:
"UB TOWER", UB CITY,
24, Vittal Mallya Road,
Bangalore-560 001.
London, May 27, 2014

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 102(1) of the Companies Act, 2013, (corresponding 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 03, 2014 and Thursday, September 04, 2014.**
4. The Statutory Auditors of the Company, Messrs S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No.101049W), shall retire at the conclusion of this Annual General Meeting (AGM) and have consented to be re-appointed. In terms of the provisions of the Companies Act, 2013 and Rules framed thereunder, appointment of Auditors can be made for two terms of 5 years each. Messrs S.R. Batliboi & Associates LLP, Chartered Accountants, have completed 2 years as Auditors and the Board of Directors at its meeting held on May 27, 2014 have recommended their appointment for a period of 3 years subject to ratification by the Members at every AGM.
5. Dividend on Equity Shares at the rate of Re. 0.90 per Equity Share of Re.1 for the financial year ended March 31, 2014 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 02, 2014 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 04, 2014 after giving effect to all valid Share transfers in physical form which are lodged with the Company on or before Tuesday, September 02, 2014.
6. The unclaimed / unpaid Final Dividend for the financial year ended March 31, 2007 and Interim Dividend for the financial year ended March 31, 2008 will be due for transfer to the Investor Education and Protection Fund (IEPF) on October 16, 2014 and October 10, 2015 respectively in terms of the Companies Act. Members who have not encashed the Dividend Warrants for the aforesaid Dividends are requested to approach the Registrars and Share Transfer Agents of the Company as no claims shall lie against IEPF or the Company after such transfer of unclaimed Dividend to IEPF.
7. Members are requested to intimate to the Company's Registrars and Share Transfer Agents viz., **INTEGRATED ENTERPRISES (INDIA) LIMITED** in respect of shares held in physical form and to their Depository Participants in respect of shares held in electronic form; a) any change in their addresses; b) details about their e-mail address, so that all notices and other statutory documents can be sent to their e-mail addresses, as a measure of "Green Initiative"; 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.
8. 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 quote it in all correspondence,
   - avoid being accompanied by non-Members and children,

- inform your e-mail IDs, if not already registered with the Registrar,
- consider converting their physical holding to dematerialized form to eliminate all risks associated with physical shares and ease of portfolio management, and
- write to the Company for seeking clarification on queries, if any, with regard to the Accounts.

9. Profile of Directors proposed to be appointed / re-appointed at the Annual General Meeting forms part of Corporate Governance Report. Their details are also attached to this Notice, as required under Clause 49 of Listing Agreement, for perusal of the Members. Additional information pursuant to Clause 49 of the Listing Agreement with the stock exchanges in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting is furnished and forms part of the Notice.
10. Physical copies of all documents referred to in the accompanying notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 a.m. to 5.45 p.m.) on all working days except Saturdays, Sundays and Public Holidays up to and including the date of Annual General Meeting of the Company.
11. Annual Report 2013-2014 will be available on the Company's website www.unitedbreweries.com. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at ublinvestor@ubmail.com.
12. Notice, Annual Report and instructions for participating in e-voting along with Attendance Slip and Proxy Form, are being sent by electronic mode to all Members whose e-mail addresses are registered with the Company/ Depository Participant(s). For Members who have not registered their e-mail addresses, physical copy of the aforesaid documents are being sent by the permitted mode.
13. **Voting through electronic means**

    I. In Compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to its Members, the facility to exercise their right to vote at this Annual General Meeting (AGM) by electronic means in respect of the businesses to be transacted at the AGM through e-voting services provided by National Securities Depositories Limited (NSDL).

    The instructions for e-voting are as under-

    A. Members whose e-mail IDs are registered with the Company / Depository Participant(s) will receive an e-mail from NSDL. Members are requested to follow instructions as given below:

    i. Open e-mail and open PDF file viz; "United Breweries Limited e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for e-voting. Please note that the password is an initial password.

    ii. Launch internet browser by using the URL: https://www.evoting.nsdl.com.

    iii. Click on Shareholder – Login.

    iv. Enter user ID and password / PIN and Login.

    v. Password change menu will appear. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. After log in the home page of e-voting will open. Click on "e-Voting Active Voting Cycles".

vii. Select "EVEN" (E-Voting Event Number) of United Breweries Limited.

viii. Now you are ready for e-voting as "Cast Vote" page opens.

ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

x. Upon confirmation, the message "Vote cast successfully" will be displayed.

xi. Once you have voted on the resolution, you will not be allowed to modify your vote.

xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to mangalarohith@gmail.com with a copy marked to evoting@nsdl.co.in, failing which the votes cast shall be held invalid.

B. i. Members whose e-mail IDs are not registered with the Company/Depository Participant(s) will receive physical copy of the notice of Annual General Meeting.

ii. EVEN, USER ID and PASSWORD is provided in the Attendance Slip.

iii. Please follow instructions given in sub-para (ii) to (xii) in para A above.

II. In case of any queries, you may refer the Frequently Asked Question (FAQs) for shareholders and e-voting user manual for shareholders available at the Download section of www.evoting.nsdl.com

III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.

IV. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).

V. The cut-off date for the purpose of ascertaining shareholders who are eligible to receive this Notice and e-voting is Friday, August 01, 2014.

VI. The e-voting period commences on Friday, August 29, 2014 at 9.30 a.m. and ends on Sunday, August 31, 2014 at 5.30 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of Friday, August 01, 2014 may cast their vote electronically. Thereafter e-voting module shall be disabled by NSDL for voting and Members will not be allowed to vote.

VII. Once the vote on a resolution is cast by a shareholder, the shareholder shall not be allowed to subsequently change it.

VIII. The voting rights of shareholders will be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date (record date) of Friday, August 01, 2014.

IX. Mrs. Mangala Rohith, Company Secretary in Practice (Membership No. ACS 20315, CP 7438) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

X. The Scrutinizer will submit report on e-voting to the Chairman of the Company.

XI. The Results will be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report will be placed on the Company's website www.unitedbreweries.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and will be communicated to the stock exchanges on which the securities of the Company are listed.

XII. This Notice has been placed on the website of the Company i.e. www.unitedbreweries.com. and also on the website of NSDL.

14. MEMBERS PLEASE NOTE THAT NO GIFTS SHALL BE DISTRIBUTED AT THE MEETING.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No.5

Mr. Roland Pirmez was appointed as an Additional Director of the Company on September 13, 2013 pursuant to the provisions of Article 115 of the Articles of Association of the Company. In terms of the said Article and Section 161 of the Companies Act, 2013, (corresponding to Section 260 of the Companies Act, 1956) Mr. Pirmez holds office up to the date of this Annual General Meeting. A Notice in writing under Section 160 of the Companies Act, 2013 has been received by the Company from a Member signifying his intention to propose the appointment of Mr. Pirmez as a Director of the Company. Mr. Pirmez would be liable to retire by rotation.

Other than Mr. Roland Pirmez, none of the Directors, Key Managerial Personnel of your Company and their relatives, is concerned or interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

Item Nos. 6 to 11

In compliance with the provisions contained in Clause 49 of the Listing Agreement entered into with the stock exchanges, the Company had appointed Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal, Mr. Sunil Alagh, Ms. Kiran Mazumdar Shaw, Mr. Madhav Bhatkuly and Mr. Stephan Gerlich, as Independent Directors of the Company on various dates.

In terms of Section 149(10) of the Companies Act, 2013 (the "Act"), an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and their office shall not be liable to retire by rotation in terms of Section 149(13) of the Act. In compliance with applicable provisions of the Act, appointment of Independent Directors for a fixed term of five years from this Annual General Meeting is proposed.

Each of the proposed Independent Directors are independent of the management and have submitted a declaration that they meet the criteria for independence as provided in Section 149(6) of the Act. In the opinion of the Board, these Directors fulfil the conditions specified in the Act and Rules framed thereunder for their appointment as Independent Directors and they have considerable experience and knowledge to enable the Board to discharge their functions and duties efficiently. For appointment of each of the Independent Directors proposed herein, a Notice in writing under Section 160 of the Companies Act, 2013 has been received by the Company from Member(s) signifying their intention to propose their appointment.

Brief profile of the Independent Directors forms part of the Corporate Governance Report. Other details of these Directors have been provided in the annexure to this Notice.

Other than the Independent Directors mentioned in the Items 6 to 11 of this Notice, none of the Directors, Key Managerial Personnel of your Company and their relatives is concerned or interested in the above Resolutions.

Your Directors recommend each of the Resolutions proposed in Items 6 to 11 for your approval.

Item No. 12

The Board of Directors ("the Board") was authorized pursuant to Section 293(1)(d) of the Companies Act, 1956 to borrow moneys for Company's activities in excess of aggregate of its Paid-up Capital and Free Reserves, either in Rupees or in such other Foreign Currency from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs.2,500 crore or equivalent thereof as prescribed in the Resolution passed by the Members at Annual General Meeting held on September 26, 2012. The Board was also authorized for creation of any mortgage/charge, if needed in connection with the borrowings under Section 293(1)(a) of the Companies Act, 1956.

Sections 180(1)(c) and 180(1)(a) of the Companies Act, 2013 (the "Act") empower the Board to borrow moneys in excess of the aggregate of its Paid-up Capital and Free Reserves, and to create any mortgage/charge in connection with such borrowings, subject to the approval of the Members of the Company in General Meeting.

The Ministry of Corporate Affairs, Government of India vide its Circular No. 4/2014 dated 25th March, 2014 has clarified that the Resolution passed under Section 293 of the Companies Act, 1956, prior to 12th September, 2013 with reference to borrowing (subject to the limits prescribed) and/or creation of security on assets of the Company will be effective for a period of 1 (one) year from the date of notification of Section 180 of the Act. In view of the enactment of the Act, the Company would be required to pass a fresh Resolution as aforesaid enabling it to exercise powers under Sections 180(1)(c) and 180(1)(a) of the Act.

The proposed Special Resolution will have to be considered in the above context. This will enable the Board to borrow funds and create any mortgage/charge, if necessary in connection with such borrowings, from time to time.

This Resolution supersedes the Resolution passed by the Members on September 26, 2012.

None of the Directors, Key Managerial Personnel of your Company and their relatives is concerned or interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

Item No. 13

The existing Articles of Association (AOA) of the Company contains several references to the provisions of the Companies Act, 1956. Consequent upon enactment of the Companies Act, 2013 (the "Act"), certain provisions of the Companies Act, 1956 as appearing in the existing AoA of the Company have either been amended, consolidated, deleted or the Sections renumbered in the Act. Therefore, several Regulations of the existing AoA of the Company require alteration, modification, substitution or deletion. Given this position, it is necessary to alter the existing AoA by modifying, substituting or amending the reference of the provisions pertaining to the Companies Act, 1956 by the provisions contained in the Act.

In order to comply with the provisions of the Act, the alteration also contain an alteration of Article 115.5, relating to Directors whose period of office is liable to retire by rotation. In view of the Act mandating that the office of all Independent Directors will not be liable to retire by rotation, Article 115.5 is being suitably altered to exclude the Chairman and one Heineken Designated Director who were earlier not liable to retire by rotation.

None of the Directors, Key Managerial Personnel of your Company and their relatives is concerned or interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

Item No. 14

In terms of the Special Resolution passed by the Members at the Annual General Meeting held on September 26, 2012, Members of the Company had authorised the Board of Directors (the "Board") pursuant to Section 309(4) of the Companies Act, 1956 to pay to the Directors other than a Managing Director or Director(s) in the whole-time employment of the Company, at the discretion of the Board, a remuneration up to one per cent of the Net Profits of the Company which amount they may apportion among themselves in any manner they deem fit and the said Resolution is valid for a period of five years.

Consequent upon enactment of the Companies Act, 2013, it is considered necessary to pass a fresh Resolution as aforesaid enabling the Company to exercise the powers under Sections 197 (1) of the Companies Act, 2013 and to pay commission as prescribed excluding Service Tax, if any (at the discretion of the Board of Directors as it deems fit), which amount such Non-Executive Directors may apportion among themselves in any manner they deem fit. Accordingly, this Resolution is proposed for approval of Members in terms of the provisions contained in the Companies Act, 2013. This Resolution will remain in force for a period of 5 years from the date of the Meeting.

This Resolution supersedes the Resolution passed by the Members on September 26, 2012.

None of the Executive Directors, Key Managerial Personnel of your Company and their relatives is concerned or interested in the above Resolution. All Non-Executive Directors including Independent Directors of your Company are interested in this Resolution to the extent of Commission as and when payable to them.

Your Directors recommend the above Resolution for your approval.

Item No. 15

Mr. Umesh Hingorani has been associated with the Company for over two decades and is instrumental in development and growth of packaged Drinking Water business of the Company. There has been considerable synergy in his leading this segment of business and his effective contribution has fostered the growth of the brand licensing arrangement for Packaged Drinking Water segment of your Company's business.

Mr. Umesh Hingorani, was holding office as Divisional Vice President – Business Development of the Company with periodic extensions in terms of the provisions contained in Section 314(1B) of the Companies Act, 1956. The Company had earlier secured Central Government approval for appointment and payment of remuneration to Mr. Hingorani.

Being a step brother of Dr. Vijay Mallya, Mr. Umesh Hingorani is a Related Party vis-à-vis the Company and his appointment to the office of Divisional Vice President - Business Development of the Company will fall under Section 188 of the Companies Act, 2013 (the "Act"). In terms of Section 188 of the Act, and Rules framed thereunder, such appointment is required to be made with prior approval of the Company by a Special Resolution where the monthly remuneration exceeds Rs. 2,50,000/-. Further, the remuneration including perquisites, benefits and amenities aggregating Rs. 20,00,000/- (excluding retiral benefits) for the period April 01, 2014 to June 30, 2014 is also placed for ratification and confirmation by the Members.

Pursuant to the provision of Section 188 and other applicable provisions, if any, of the Act and Rules framed thereunder, Resolution for appointment of Mr. Umesh Hingorani, for a period of five years effective July 01, 2014 is proposed in the accompanying Notice.

This Resolution supersedes the Resolution passed by the Members on September 26, 2012.

Except Dr. Vijay Mallya, none of the Directors, Key Managerial Personnel of your Company and their relatives is concerned or interested in this Resolution.

Your Directors recommend the above Resolution for your approval.

Registered Office:
"UB TOWER", UB CITY,
24, Vittal Mallya Road,
Bangalore-560 001.
London, May 27, 2014

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

DETAILS OF NEW DIRECTOR

PARTICULARS	MR. ROLAND PIRMEZ
Qualifications	Engineering degree in Agriculture and Master's Degree in Brewing from the University of Louvain-la-Neuve, Belgium.
Expertise in specific functional area	Extensive experience in beer industry, Brewing of Beer and General Management.
Date of Appointment	13.09.2013
Date of Birth	21.02.1960
Directorships held in other Companies in India	NIL
Membership in Committees	NIL

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

PARTICULARS	MR. A K RAVI NEDUNGADI
Qualifications	Chartered Accountant & Cost Accountant
Expertise in specific functional area	Strategic and Financial Planning
Date of Appointment	09.08.2002
Date of Birth	20.10.1957
Directorships held in other Companies in India	i. Sanofi India Limited ii. Bayer CropScience Limited
Membership in Committees	**Audit Committees** i. Sanofi India Limited ii. Bayer CropScience Limited **Investors' Grievance Committees** i. Sanofi India Limited ii. Bayer CropScience Limited (Chairman)

Brief Profile of the above Directors also forms part of Corporate Governance Report. The above Directors do not hold any equity shares in the Company. They are not related to any of the Directors of the Company.

DETAILS OF INDEPENDENT DIRECTORS PROPOSED TO BE APPOINTED AT THE ANNUAL GENERAL MEETING

PARTICULARS	MR. CHHAGANLAL JAIN	MR. SUNIL ALAGH	MR. CHUGH YOGINDER PAL	MS. KIRAN MAZUMDAR SHAW	MR. MADHAV BHATKULY	MR. STEPHAN GERLICH
Qualifications	Chartered Accountant/ Company Secretary/ Management	Graduate in Economics (Hons.) & MBA, IIM (Calcutta)	Graduate in Engineering with First Class (Distinction)	Honors degree in Zoology, Masters in Brewing and Hon. Doctorate in Science	Masters in Commerce, Masters in Economics	Wirtschaftassistent (Germany)
Expertise in specific functional area	Finance and Corporate Strategy	Specific in Business Strategy with an emphasis on Marketing and Brand Building	Overall Business Management, Operations and MIS	Biotechnology	Finance and Economics	Overall business Management & Operations in Healthcare, CropScience & MaterialScience
Date of Appointment	27.01.2003	29.04.2005	29.04.2005	26.10.2009	26.10.2009	02.07.2010
Date of Birth	15.11.1933	06.11.1946	06.03.1937	23.03.1953	22.01.1966	11.09.1958
Directorships held in other Companies in India	i. Asit C. Mehta Investment Intermediates Limited ii. RPG Life Sciences Limited iii. NOCIL Limited iv. Pioneer Distilleries Limited v. Practical Financial Services Private Limited	i. GATI Limited ii. Indofil Industries Limited iii. GATI Import Export Trading Limited iv. SKA Advisors Private Limited	i. Induri Farm Limited ii. Maya Entertainment Limited iii. Mondelez India Foods Ltd. iv. Shriram Pistons & Rings Limited v. Aptech Limited vi. Franchising Association of India vii. Renfro India Private Limited	i. Biocon Limited ii. Syngene International Limited iii. Clinigene International Limited iv. Biocon Research Limited v. Infosys Limited vi. Glenloch Properties Private Limited vii. Narayana Institute for Advanced Research Private Limited viii. Narayana Hrudayalaya Private Limited ix. Biocon Academy x. Indian School of Business xi. Mazumdar Shaw Medical Foundation	i. New Horizon Financial Research Private Limited ii. New Horizon Wealth Management Private Limited	NIL
Membership in Committees	**Audit Committees** i. NOCIL Limited (Chairman) ii. RPG Life Sciences Limited (Chairman) iii. Pioneer Distilleries Limited	**Audit Committee** Indofil Industries Limited **Shares Transfer and Stakeholders' Relationship Committee** Indofil Industries Limited	**Audit Committees** i. Mondelez India Foods Ltd (Chairman) ii. Aptech Limited (Chairman) iii. Shriram Pistons & Rings Limited **Investors' Grievance Committee** Mondelez India Foods Ltd (Chairman)	**Stakeholders' Relationship Committee** Biocon Limited	NIL	NIL
Shareholding in UBL	NIL	3000	NIL	NIL	NIL	NIL

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. The above Directors are not related to any of the Directors of the Company.

Notes:

United Breweries Limited
Registered Office: "UB Tower", UB City, 24, Vittal Mallya Road, Bangalore - 560 001.
Phone: 080-39855000, 22272806/07 Fax: 080-22211964, 22229488
CIN: L36999KA1999PLC025195 Email: ublinvestor@ubmail.com,
Website: www.unitedbreweries.com

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CIN: L36999KA1999PLC025195 Email: ublinvestor@ubmail.com, Website: www.unitedbreweries.com

ATTENDANCE SLIP

15th ANNUAL GENERAL MEETING

Date: Thursday, September 04, 2014, Time 11.30 a.m.

Place: Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.

I / We hereby record my / our presence at the FIFTEENTH ANNUAL GENERAL MEETING of the Company being held on Thursday, September 04, 2014 at 11.30 a.m. at Good Shephered Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore - 560 025.

Signature of the members / Proxy / Authorised Representative* ....

* Strike off whichever is not applicable

Notes:

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. Persons representing bodies corporate are required to submit with the Company original Resolution of the Board of Directors or other governing body of such Member, authorising such person to act as its representative under Section 113 of the Companies Act, 2013.
3. Shareholder/Proxy-holder attending the Meeting should bring his/her copy of the **Annual Report** for reference at the Meeting.
4. To facilitate Members, registration of attendance will commence at **10.30 a.m. on September 04, 2014.**
5. E-voting particulars are set out below:

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD

Please refer Notice for instructions on e-voting.

E-voting facility will be open during the following period.

Commencement of E-voting	End of E-voting
Friday, August 29, 2014 at 9.30 a.m.	**Sunday, August 31, 2014 at 5.30 p.m.**

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

UNITED BREWERIES LIMITED

Registered Office: “UB Tower”, UB City, 24 Vittal Mallya Road, Bangalore - 560 001.
Phone: 080-39855000, 22272806/07 Fax: 080-22211964, 22229488
CIN: L36999KA1999PLC025195 Email: ublinvestor@ubmail.com, Website: www.unitedbreweries.com

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): ______________________________

Registered address: ______________________________

E-mail Id: ______________________________

Folio No. / Client ID: ____________________ DP ID : ____________________

I/We, being the holder(s) of ____________________ Equity Shares of United Breweries Limited, hereby appoint:

1. Name :____________________ Address: ____________________
   E-mail ID: ____________________ Signature: ____________________, or failing him
2. Name :____________________ Address: ____________________
   E-mail ID: ____________________ Signature: ____________________, or failing him
3. Name :____________________ Address: ____________________
   E-mail ID: ____________________ Signature: ____________________, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on Thursday, September 04, 2014 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(s) thereof in respect of such resolutions as are indicated below:

1.	Adoption of Accounts for the year ended March 31, 2014 and the Reports of the Auditors and Directors thereon.
2.	Declaration of Dividend on Equity Shares.
3.	Re-appointment of Mr. A K Ravi Nedungadi as Director, liable to retire by rotation.
4.	Appointment of Auditors and fixing their Remuneration.
5.	Appointment of Mr. Roland Pirmez as Director, liable to retire by rotation.
6.	Appointment of Mr. Chhaganlal Jain as an Independent Director for a term of five years.
7.	Appointment of Mr. Chugh Yoginder Pal as an Independent Director for a term of five years.
8.	Appointment of Mr. Sunil Alagh as an Independent Director for a term of five years.
9.	Appointment of Ms. Kiran Mazumdar Shaw as an Independent Director for a term of five years.
10.	Appointment of Mr. Madhav Bhatkuly as an Independent Director for a term of five years.
11.	Appointment of Mr. Stephan Gerlich as an Independent Director for a term of five years.
12.	To borrow monies from banks and / or financial institutions and create mortgage/charge in connection with such borrowings.
13.	Amendment in the Articles of Association.
14.	Payment of Commission to non-Executive Directors.
15.	Holding of Office or place of profit under Section 188 (f) of the Companies Act, 2013.

Signed this.....................................day of ....2014.

Affix Re 1/-
revenue stamp

Signature of Shareholder(s)   Signature of Proxy holder(s)

Notes:
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members not exceeding Fifty Members and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
3. 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.

Chairman's Statement

Dear Friends,

The nation has recently emerged from an extended period of controversy and inactivity to a new beginning, infused with the hope of better times to come. The recently concluded General Elections saw the energized participation of India's youthful millions expressing their aspirations through the medium of the ballot box. By franchising a single party majority, the country has signaled the need for decisive action leading to a better economy and quality of life. Single party majority at the Centre does not, in my view, reduce the fundamentally federal structure of the country, but is a clear statement of differentiation between national objectives and state objectives which may best be served through different organs of political leadership.

All in all, there is no doubt that the air of doom and gloom that had enveloped the country, has been replaced by a new found sense of confidence and hope. All surveys point to this resurgence not only among individuals but also in corporate decision making. On the one hand this will lead to greater confidence leading to an increased consumer spending and on the other hand should kick start a renewed cycle of growth as business confidence returns to the country.

The fortunes of our business have more or less been in line with the national mood. The year under review saw a flat market with industry volumes recording volumes of 270 - mio cases or a 1% decline over the previous year. Indeed several markets, in particular, Maharashtra, Bihar and Punjab were severely negatively impacted due to a steep rise in excise duty and end-consumer prices. The industry in Tamil Nadu was hit by the perverse ordering pattern of the state monopoly which favored certain selective suppliers during the year.

I am happy to state, however, that despite this troubling backdrop, our company performed marginally better than the industry, adding about 1/2% national market share, ending the year at 51.1% on volumes of 138.7 mio cases. Karnataka, Uttar Pradesh and Orissa were key markets in which our company performed substantially better than the industry.

The strength of our company's brands and in particular the flagship Kingfisher brand helped to obtain price increases in several markets thereby enabling UBL to achieve growth of 6% in net realization. Equally, unrelenting focus on cost control and several initiatives in the sourcing and manufacturing areas ensured that costs of sales were contained well below inflationary levels.

As a consequence of the combination of higher net realization and control on costs of sales, our company was able to achieve an increase of 11% in Net Contribution.

Keeping in mind the difficult operating environment our company also kept extremely close control over both marketing spends and overheads. The combined effect of these was a 20% increase in EBITDA and 26% increase in PBT for the year under review in comparison with the financial year 2012-13.

Leading edge initiatives in lean management such as TPM (Total Productivity Management) and international benchmarking of productivity norms, undertaken in conjunction with Heineken in the majority of our breweries, strengthened the ongoing efforts to control cost of production and ensure consistency in quality.

Similarly technology, such as internet tendering, has been harnessed to ensure transparency and lower cost of procurement both for raw materials, packaging material and indeed even for Capital expenditure.

I am particularly happy to share with you that UBL has now become the world leader in water conservation in the brewing industry. From a level of almost 6 liters of water for every liter of beer produced 5 years ago, today our company's national average is at 3.8 liters which is already better than the 4 liter global benchmark in breweries that use recycled bottles. However, some of our more recent breweries, such as Mallepally in Hyderabad, are already at levels of 3 liters or less and our company has taken upon itself a mission to reduce the average water consumption across all breweries to the 3 liter level. In a world that is preoccupied with water related issues, I believe, our company is doing a sterling job in water conservation. Other measures to improve the quality of the water table in areas that we operate are part of our ongoing CSR initiatives.

You may recall that we had recently introduced patented bottles which have increased availability of recycled bottles and helped to keep this key cost element under control. Our company is now looking at integrating new technology of light weight bottles which could bring about a sustainable further reduction in bottle costs. Similarly, in the case of aluminium cans, pricing has been restructured with the supplier to hedge against fluctuations in foreign exchange.

Sustained marketing efforts over the years continue to bear fruit and our company's market share at the end of March 2014 exceeded 51% - more than double the market share of the nearest competitor.

Kingfisher Strong continues to be India's most popular beer with steady growth across all markets.

For the first time Kingfisher Ultra, the most aspirational super premium beer in the country has exceeded the sales of Carlsberg and has, during the year, become a millionaire brand.

Kingfisher Blue with its youthful outdoor sports positioning, has also witnessed robust growth and will be given a significant "make over" during the current year.

The Heineken brand is established as a world class super premium beer and uses international marketing platforms for marketing support.

Our company recently won a prestigious International Award at the World Beer Awards 2013 and Kingfisher Strong was awarded "Asia's Best Strong Lager 2013".

Our company continues to support its traditional marketing platforms such as Sports, Food, Music and Fashion. Cricket in the form of IPL, Football through the Kingfisher East Bengal Team, Equestrian Racing through the Kingfisher Derby, Motorsports through Sahara Force India Formula 1 Team, Athletics through the Mumbai Marathon, Delhi Half Marathon and the Bangalore 10K, are all high visibility and high impact associations. Kingfisher is also synonymous with the Great Indian October Fest. Kingfisher's hottest property, the Kingfisher Calendar, preceded by the hunt for the Kingfisher Calendar Girl, continues to capture public imagination.

I have long felt that companies exist not merely for generation of economic returns to the investors but also to promote social initiatives, set ethical standards and protect the environment. With this background our company has focused its CSR initiatives in 4 areas namely Primary Health Care, Primary Education, Water Management and Contract Farming. Targeting communities in which we operate, each of these areas of CSR activities have benefitted both our Company as well as the environment. Several of our breweries have received recognition from States for such CSR initiatives.

Even though the start of the current financial year witnessed several disruptions to the business on account of the protracted General Elections schedule, I believe that the overall feel good factor will help our company to achieve significantly higher growth going forward. To capture this growth our company will need the continued cooperation of Staff and Managers. Our Industrial Relations and Human Resource Management policies have consistently been forward looking and empowering. The wellbeing of employees is a key company objective and relations with the company's staff and workers continue to be harmonious across the board.

Our Joint Venture Partners, Heineken, continue to add value in all aspects of the business and is a model of a cooperative partnership between two entities with global brands and aspirations.

I conclude with sincere thanks to everyone who has contributed to our company in the previous year and whose ongoing cooperation I look forward to, for continued growth and profitability in the years ahead.

Thank you.

VIJAY MALLYA
CHAIRMAN

Directors Report

Your Directors have pleasure in presenting this Annual Report and the audited accounts of United Breweries Limited ('UBL' or 'your Company' or 'the Company') for the year ended March 31, 2014 ('the year under review', 'the year' or 'FY14').

FINANCIAL SUMMARY

(Amounts in Rupees million)

FINANCIAL RESULTS	Year ended March 31	
	2014	2013
Net Turnover	**42,599**	39,424
EBITDA	**6,116**	5,155
Depreciation and amortization	**1,977**	1,702
EBIT	**4,139**	3,453
Interest	**798**	799
Provision for Dimunition in investment in Subsidiary	**—**	—
Profit before Taxation	**3,341**	2,654
Provision for Taxation	**(1,085)**	(932)
Profit after Tax available for appropriation	**2,256**	1,722
Appropriations:		
Proposed dividend on Equity Shares (including taxes thereon)	**278**	217
Dividend on Preference Shares paid (including taxes thereon)	**26**	26
Transfer to the General Reserve	**226**	172
Transfer to Capital Redemption Reserve	**—**	1,307
Balance your Directors propose to carry to the Balance Sheet	**1,726**	—
Total appropriations	**2,256**	1,722

EBITDA for the year under review stood at Rs.6,116 million as compared to Rs.5,155 million in the previous year, reflecting an increase of 18.6%. This is a creditable accomplishment in a stagnating market in which our volume could increase by 1%. This growth in EBITDA is to a large extent the result of our ability to increase prices in open markets, improve our product mix and the effective management of input cost, fixed costs and overheads.

Interest paid during the year amounted to Rs.798 million and was comparable to the amounts paid in the previous year. Depreciation for the year was Rs.1,977 million as compared to Rs.1,702 million in the previous year.

Profit before Taxation for the year stood at Rs.3,341 million as compared to Rs.2,654 million in the previous year, reflecting an increase of almost 25.9%. Profit after Taxation finally resulted in an amount of Rs.2,256 million as against Rs.1,722 million in the previous year.

DIVIDEND

We take pleasure in proposing a dividend of Re. 0.90 per Equity Share for the year ended March 31, 2014. The dividend declared for the previous year was Re. 0.70 per Equity Share.

The 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 & Newcastle India Limited, amounting to Rs.26 million.

The total dividend (including dividend tax) is Rs.304 million, which amounts to about 13.5% of Profit after Tax.

CAPITAL

The Authorized Share Capital of the Company stands at Rs.9,990 million, comprising Equity Share Capital of Rs.4,130 million and Preference Share Capital of Rs.5,860 million. The Issued, Subscribed and Paid-up Share Capital remains unchanged at Rs.1,005.1 million, comprising 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The Beer industry in India is rapidly expanding. Although we have witnessed a slowdown in growth recently, the compounded annual growth rate (CAGR) has been at a level of 7% in the 4 previous years. The Global Beer Market has grown by an annual average of 3% over the last 10 years, pushed forward by impressive performance in key emerging markets of Africa, Asia and Latin America. The more mature markets in Western Europe and North America declined largely on account of a weakening economy.

During past two decades, the pace of globalization in beer industry has greatly accelerated with increased activity of multinational brewers acquiring existing breweries and constructing new facilities in emerging markets, as well as licensing their brands outside their home countries. As incomes rise and living styles change in developing countries, demand for beer is growing.

Developing markets remain the engine of volume growth. Per capita beer consumption continues to rise as disposable incomes increase and consumers trade up from informal alcohol (often spirits) to professionally brewed beer.

India is not a typical beer guzzling nation but the winds of change might just be around the corner. It has been seen that attitude towards consumption of alcoholic beverages has undergone a considerable shift in recent decades. With a relatively younger population and rising income levels, India is seeing an increase in popularity of beer. Young people all over India, both urban and rural, associate beer with lifestyle and are very conscious of the need for responsible consumption. The beer market will continue to grow steadily, from the current low per capita base, driven by the trend among the younger demographic of consuming alcoholic beverages like beer as social restrictions ease. This growth is likely to be even higher but for the restraining effects of a high tax environment.

The full potential of the Indian beer industry has been held back due to a variety of regulatory constraints. Most significantly, the regulation and taxation of beer is clubbed with that of spirits, not considering the fact that it has a lower alcohol content. High tax rates continue to hamper the growth of the beer industry in particular. Beer is currently targeted at the higher and middle income demographics in India. Of the top 30 global beer markets, India has the lowest affordability of beer relative to average GDP (gross domestic product). The cost of beer is much higher in India than in other emerging markets when compared with the average income of consumers.

Currently, the Indian market is 270 million cases per year showing fast growth with the exception of last year, basically due to the slowdown in economic growth. We expect this slowdown to be of an exceptional nature and foresee consistent growth for the future. The per capita beer consumption in the country is less than 2 litres at present. If India were to catch up with the Asian average excluding China, per capita consumption could go up to 15 litres.

The Indian beer market will continue to grow steadily, from this low per capita base, driven by urbanization, increase in disposable income and the trend among the younger generation towards consuming alcoholic beverages, as social restrictions ease.

Sales and Marketing

The net sales for the year 2013-2014 stood at Rs.42,355 million as against Rs.39,031 million in the previous year, registering a growth of 8.5%. Our national market share in FY13 has exceeded 51%, which is double the size of the nearest competitor.

Your Company continues to extend its portfolio to new markets and continues to emphasize the product and brand promise through continuous investments in quality, imagery and packaging. Our Sustainability strategy will also further increase consumer loyalty, provide a competitive advantage and help to ensure long term shareholder value. Given the youthful demographics of the country, Kingfisher has kept pace with young India at every step. We are succeeding in our endeavour to intensify our product presence and reach smaller towns and cities.

Kingfisher Strong has grown volume and share in a very tough business year, and continues to lead the Indian beer market. Kingfisher Premium continues to grow its market share and is the first choice for mild beer consumers across the country. Kingfisher Ultra has grown from strength to strength, and crossed a million cases in sales for the year, growing in very high double digits. It has become the most aspirational super premium mild beer in the country and is ubiquitously present all over India. Kingfisher Blue has also grown in robust double digits, and has established itself as a differentiated beer, with its 6% alcohol strength and its youthful, outdoor, adventure sports' positioning, that is unique to the beer industry. Heineken has been the fastest growing brand in the company's portfolio, and is now available in over 15 states in the country. The brand has established itself in India as a world class super premium beer, with a focus on international marketing platforms like the UEFA Champions League football, James Bond and Music.

The Company continues to invest in brand building in the fields of Sports, Food, Music and Fashion. We have significant and market leading presence around the IPL, Kingfisher East Bengal Football Club, the Kingfisher Derby, Formula One Racing, Mumbai Marathon, Delhi Half Marathon, and the World 10K Race in Bangalore. The Company's strong and market leading associations with restaurants/bars/pubs/clubs/star hotels/night clubs stand the brands in good stead. Kingfisher is synonymous with the "Great Indian Octoberfest". We continue our association with NDTV Good Times, India's premier English lifestyle television channel. The most aspirational fashion property in the country – The Kingfisher Calendar, which is as always, preceded by the hunt for the Kingfisher Calendar Girl, on NDTV Good Times grow in popularity and reach. We also continue to partner with national and city based fashion weeks across the country.

UBL has received an International Award at the World Beer Awards 2013. Kingfisher Strong was awarded "Asia's Best Strong Lager 2013".

During the period under review, the Company has spent 16% of net sales on selling and brand promotions, which is comparable to the previous year. The selling and promotion expenses stood at Rs.6,786 million.

Supply Chain

Our manufacturing expenses for the financial year 2013-2014 amounted to Rs.17,491 million, representing 41.3% of net sales, as against Rs.16,581 million in the previous financial year, which constituted 42.5 % of net sales. This reflects strong cost control in the manufacturing process despite a high inflation environment.

In order to keep pace with growing demand, we continue to expand our capacity through expansion of existing breweries, the acquisition or building of new ones and entering into new contracts for brewing arrangements where and when required.

To support the growth momentum and to cater to the increasing demand for our products, we are setting up a green field brewery in Bihar. The new brewery will be best in class in terms of infrastructure and is scheduled to commence production by the end of the financial year 2015.

We will continue to infuse new patented bottles into the market in order to secure availability of sufficient bottles for production and to obtain further efficiencies in the overall cost of packaging. Since the bottles are patented and the name and logo of our company are embossed on the bottles, they cannot be used by other brewers and are to be necessarily supplied back to UBL. This strategy is showing positive results, with the cost of recycled patented bottles being significantly lower when compared to the earlier system based on using of "Industry" bottles.

High cost inflation has fueled increase in input costs thereby leading to an increase in the cost price of beer particularly on account of barley prices. The sudden appreciation of the dollar versus the rupee has resulted in an increase in cost of cans and hops. Aluminum is imported for the making of cans by our vendors. In order to further reduce power consumption, we are exploring conversion of organic waste into energy to obtain savings in electricity costs in an environmentally sustainable manner.

Research & Development

Your Company has continued its Research & Development (R&D) program in the area of development of a two row malting variety for barley. In order to further strengthen our portfolio we have developed and will shortly launch a flavoured beer in the market, using the technology developed by our own R&D department.

Human Resources

Your Company regards its employees as its most valuable asset and as a source of competitive advantage. We are committed to create an open and transparent working environment that is focused on people and their capabilities and that enables them to deliver superior performance. Many initiatives are undertaken to promote the wellbeing of our employees.

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

The Company's recruitment strategy ensures that employee addition is clearly aligned with business demand. In keeping with the organization's tradition of developing talent from within, we focus on enhancing people's capabilities through various learning and development interventions.

Industrial Relations continued to be harmonious and peaceful at all levels and at all locations of the company.

As on March 31, 2014, the total on-roll employee strength at United Breweries Limited stands at 2730. We have not offered any stock options to the employees during the year under review.

Total employees benefit expenses for the year stood at Rs.2,608 million, as compared to Rs.2,410 million in the previous year. This constituted 6.2% of net sales, which percentage is similar to the previous year. Employee benefits expenses were higher on account of salary increases and long term incentive settlement.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

For us at United Breweries Limited Corporate Social Responsibility (CSR) is not just a legal requirement or a public relation exercise. Conducting business in a way that provides social, environmental and economic benefits to the communities in which we operate has been a part of our policy for many years already. UBL conducts its business ethically and in a responsible manner with inclusive focus on the development of communities and the nation.

Being trustworthy and transparent increases the confidence and sustainability in our business and also increases value for our customers and other stakeholders. Conducting business ethically brings a competitive advantage for our brands as the consumers are willing to trust the ethical brand which increases brand-loyalty.

We at UBL believe that the communities where we operate are an integral part of our business and therefore it is our responsibility to give support in achieving larger societal goals in the interest of public at large and the communities in which we operate.

Your Company is not only committed towards profitable growth, but also towards social initiatives, protection of environment and renewal of resources where possible.

Social initiative and CSR

For its Corporate Social Responsibility your Company has developed social initiatives in four areas, namely primary health and welfare, primary education, water management and contract farming. Our CSR policy lays down clear guidelines for undertaking comprehensive social development programs under these identified categories in identified areas where we operate. Our existing activities will be further extended and aligned suitably to cover areas as recommended by the new Companies Act, 2013.

A detailed Report on various aspects of CSR activities at UBL and the CSR activities recently undertaken by your Company is included in the Business Responsibility Report which you will find as **Annexure-A** to this Report. This said report in the format prescribed under the Listing Agreement is attached as **Annexure-B.**

Sustainability

Sustainable development refers to a mode of development in which resource use aims to meet human needs while ensuring sustainability of natural systems and environment, so that these needs can be met not only in the present, but also for generations to come. In order to ensure sustainable and effective use of resources the Company has taken proactive measures in water consumption, rain water harvesting, reducing energy usage thereby reducing the carbon foot print, energy and fuel consumption. The Company has also implemented Biogas generation from waste water to be used in boilers, canteen, electricity solar panels for heating and lighting requirements, use of spent grains to generate methane as fuel to fire boilers or to generate electricity, use of ammonia as the refrigerant, use of flash pasteurization. All these initiatives are not only benefiting the Company but also to the environment in general.

Recent rewards achieved in the field of CSR and Sustainability

UBL's Mallepally brewery in Andhra Pradesh was granted the "Green Manufacturing Excellence Award 2013" from Frost and Sullivan. Our brewery in Palakkad received the 2nd prize from Kerala State Pollution Control Board for pollution control under the Large Scale Industries category. In the area of Corporate Social Responsibility our brewery in Rajasthan was honoured with the prestigious "Bhama Shah" award by the Government of Rajasthan in recognition of its contribution to the society by way of development and adoption of a primary school in the Alwar District.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

The Indian beer industry is one of the world's fastest growing markets. With its low per capita consumption which leaves ample headroom for growth, it looks like a delicious sup for brewers across the globe, who have seen it as a target for some years now.

The beer sector therefore presents a unique opportunity for business development as millions of new consumers enter the legal drinking age. Considering the expected increase in consumption and current growth trend, the future of the Indian beer market looks bright and seems set for continuous growth and increased competition.

There is a huge demographic dividend that India will reap in the next decades. The UN expects the country to overtake China as the most populous country by 2025, while its inhabitants remain very young. Half of India's population is below the age of 25, and in 2030 about 20% of all people below 25 years of age in the world will be Indian as compared to 11% from China.

With the competitive market scenario and with the entrance of competitive brands and products in the market, your company needs to continuously introduce new brands and further strengthen its existing portfolio. Although the industry continues to make positive improvements, the high price levels of beer in India, driven by high taxation, and the volatile input costs of raw materials post significant threats to the profit margins and the growth of the beer industry.

The loss of momentum in the GDP growth in India in combination with Inflation, which remained high through most part of the year, eroded domestic consumer savings and curtailed consumption reflecting in slowing market growth. Cost inflation has also impacted the increase in several input costs, thereby leading to increase in the input price of beer.

The industry is plagued by high working capital requirement and government intervention at each level in the distribution chain, raising numerous questions. The economies of scale are limited as all states have to be treated as different markets. Local sourcing and manufacturing requirements make it an inventory heavy business model and improvement in working capital is an ambitious target, which in addition is subject to the whims of the state governments as well as the varying financial requirements of vendors.

Availability of Beer is another serious constraint, there is one licensed outlet per 18,000 Indians, compared with one per 300 Chinese.

High tax burden in Beer weighs down on brewers and consumers alike. Since price elasticity in the market is high, every time the governments increase tax on beer, sales are instantly affected. Liquor, including beer is taxed by state governments, hence tax, mainly excise duty, varies from state to state. Since alcohol is one segment from which all state governments expect a substantial chunk of their tax revenue, the tax on it is hiked unfailingly in the annual budget, and new duty structures are introduced during the year. Along with restrictions on pricing, governments also control the distribution of alcoholic drinks in the market. Excise duty per litre of beer is the highest globally, and beer is taxed higher than spirits, though beer is a far milder form of alcohol. Your Company believes that a lower tax rate for beer could be a catalyst for growing consumption, which is the key reason for our long term positive bias on the sector.

In addition, a ban on advertising alcoholic products including beer in India is a major constraint in the potential growth of the beer market.

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 the earnings that can arise therefrom. Imposition of further taxes and levies that vary from one State to another is a major risk.

Increase in demand for malt is resulting in limited availability of locally produced barley and this shortage is anticipated to increase in coming years. Your company has explored a number of avenues to address increases in cost of raw materials and is taking measures to invest in the upstream supply chain, to ensure the company continues to receive a sustainable supply of quality barley.

Prospects

Your company has invested significantly in brand visibility to sustain its "top of mind" recall with consumers. High profile brand ambassadors, sponsorship of mega events and innovative supply chain management has ensured that your Company's brands and especially Kingfisher remains a household name. The company has a strong route to market combined with a portfolio of market leading brands.

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

To meet the growing demand, to offer high quality beer, and maintain our market leadership position, your company also proposes to further upgrade its equipment and increase capacity by accelerating capital expenditure. To cater to the increasing demands, your Company is setting up a Greenfield Brewery in the state of Bihar which is expected to be commissioned by end of financial year 2015. This follows Greenfield Breweries established in recent years in Andhra Pradesh and Karnataka.

Through these actions, your Directors are hopeful that your Company will sustain its leadership position, grow ahead of the market and realize continuous growth and improved in profitability in the years to come.

Even in competitive scenarios, your Company has not only successfully overcome the challenges of the industry, but also outpaced several global beer brands that have entered India in the recent past.

Risk management

Your Company believes that management of risk is fundamental to being able to generate profits consistently and sustainably. Risk management is thus a central part of the financial and operational management of the Company. It makes management responsible for identifying the critical business risks and for implementation of fit-for-purpose risk responses. We have evolved a framework for management of business risks. Towards this end, we perform 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.

Continuity and sustainability of the business is as important to stakeholders as growing and operating the business. Through its risk management framework, your Company aims to identify and contain risks and protect the business from the effects of material events which are focal points on management's agenda.

The 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. Our internal control system is robust and is 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.

The 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.

OTHER INFORMATION

The 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 has 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.

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 the 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 February 8, 2011 are attached and form part of this report.

Consolidated Accounts

As per the Listing Agreement, the Consolidated Accounts conforming to the applicable Accounting Standards forms part of this Annual Report.

The Cash Flow Statement

A Cash Flow Statement for the year ended March 31, 2014 is appended.

Listing requirements

Your Company's Equity Shares are listed on the BSE Limited (formerly Bombay Stock Exchange 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 2014–2015.

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

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

Additional statutory information

Information required under Section 217(2A) of the Companies Act, 1956, and Rules made there under, in respect of employees of the Company, forms part of this report. In terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary. Particulars required under Section 217(1)(e) of the Companies Act, 1956 is attached as **Annexure-C** to this Report.

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 twelve Directors, with a balanced combination of Independent and Promoter Directors.

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

In compliance of the provisions contained in the Companies Act, 2013, your Company proposes to fix the term of the Independent Directors. Resolutions proposing appointment of Mr. Chugh Yoginder Pal, Mr. Sunil Alagh, Mr. Chhaganlal Jain, Ms. Kiran Mazumdar Shaw, Mr. Stephan Gerlich and Mr. Madhav Bhatkuly as Independent Directors for a term of Five years together with information required to be given under the Companies Act, 2013 and the Listing Agreement form part of the Notice convening Fifteenth Annual General Meeting. In order to comply with the provisions relating to rotation of Directors, your Company is amending the Articles suitably.

The Corporate Governance Report

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

Auditors and the 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.

In terms of the provisions contained in the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 the appointment of Statutory Auditors is proposed for a period of three financial years commencing 2014-2015 to hold office from the conclusion of the Fifteenth Annual General Meeting till the conclusion of Eighteenth Annual General Meeting. Their appointment during the aforesaid term of three financial years shall be subject to ratification by the Members at subsequent Annual General Meetings.

There are no qualifications or adverse remarks in the Auditors' Report which requires any clarification or explanation.

Cost Auditors

In terms of the General Circular dated 4th June 2012 issued by Ministry of Corporate Affairs (MCA), the Company had filed its Cost record compliance report for the relevant period with the Central Government. Pursuant to Order dated 6th November 2012 issued by MCA, the Company appointed Messrs K. S. Kamalakara & Co., Cost Accountants, as the Cost Auditors for the financial year 2013-2014. However, their appointment was pending as the requisite E-Form 23C in respect of our industry was not accepted for filing and approval by the Central Government. The MCA has since, in supersession of its earlier Rules, notified the Companies (Cost Records and Audit) Rules, 2014 inter alia covering Industries to which such Rules apply where the Alcoholic Beverages sector is not covered.

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 27, 2014	**Kalyan Ganguly**	**Henricus Petrus van Zon**
London	Managing Director	Director and CFO

Corporate Governance Report

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 (MD) and the Chief Financial Officer (CFO). Your Company's Board consists of eminent persons with considerable professional expertise and experience.

Chairman
Dr. Vijay Mallya

Executive Directors
Mr. Kalyan Ganguly (Managing Director)
Mr. Henricus Petrus van Zon (Director & CFO)

Non – Executive Directors
Mr. A K Ravi Nedungadi
Mr. Duco Reinout Hooft Graafland
Mr. Roland Pirmez

Independent Directors
Mr. Chugh Yoginder Pal
Mr. Sunil Alagh
Mr. Chhaganlal Jain
Ms. Kiran Mazumdar Shaw
Mr. Madhav Bhatkuly
Mr. Stephan Gerlich

Senior Vice President – Legal & Company Secretary Mr. Govind Iyengar

Audit Committee

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

Stakeholders' Relationship Committee

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

Nomination and Remuneration Committee

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

Share Transfer Committee

Mr. A K Ravi Nedungadi	Chairman
Mr. Kalyan Ganguly	Member

Borrowing Committee

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

Corporate Social Responsibility Committee

Dr. Vijay Mallya	Chairman
Mr. Kalyan Ganguly	Member
Mr. Henricus Petrus van Zon	Member
Ms. Kiran Mazumdar Shaw	Member
Mr. Sunil Alagh	Member
Mr. Madhav Bhatkuly	Member

Auditors S.R. Batliboi & Associates LLP, Chartered Accountants
Registrars Integrated Enterprises (India) Limited

Profile of Directors and their other Directorships

Brief resume	Other Directorships & Committee Memberships in India
Dr. Vijay Mallya Dr. Vijay Mallya was elected as Chairman of the erstwhile United Breweries Limited [now United Breweries (Holdings) Limited] by the shareholders following the demise of his father in 1983. Prior to being entrusted with the responsibilities of running a conglomerate, Dr. Mallya worked for the American Hoechst Corporation in the U.S.A. and in the U.K. Since 1980 he assisted his father, then Chairman of the UB Group in managing the important brewing and spirits divisions. Upon assuming the position of Chairman in October 1983, Dr. Mallya initiated the process of defining a corporate structure with performance accountability, inducting professional management and consolidating businesses. The UB Group is solely focussed on increasing value for its stakeholders through its various operating businesses, through strategic partnerships and alliances. Dr. Mallya has received several professional awards both in India and overseas. Dr. Mallya is a Member of Parliament, Council of States of the Republic of India. Dr. Mallya is on the Board of UBL since March 30, 2002.	**Other Boards** - Kingfisher Airlines Limited - Bayer CropScience Limited - Mangalore Chemicals and Fertilizers Limited - Sanofi India Limited - United Breweries (Holdings) Limited - United Spirits Limited - Four Seasons Wines Limited - United Racing and Bloodstock Breeders Limited - Royal Challengers Sports Private Limited - Kingfisher East Bengal Football Team Private Limited - VJM Investments Private Limited - Motor Sports Association of India
Mr. Kalyan Ganguly Mr. Kalyan Ganguly, the President & Managing Director of United Breweries Limited has been heading the Beer Business of the UB Group since 1995. He joined the Group on 1st of February 1979. Prior to joining UB Group, he was with Reckitt & Colman. He is a graduate from Presidency College, Kolkata and has completed his post-graduation diploma in Business Management from XLRI, Jamshedpur. He has participated in the strategic marketing course at Harvard Business School and also an Advance Management Program. Mr. Ganguly has been the president of All India Brewers' Association from 1996 to 2000 and still continues to be on the Management Committee of this organization and plays a very important role in advising them on their strategy. He was chosen as most distinguished Alumni of XLRI. Also, he was seclected as one of the best CEOs by Business Today and BT-INSEAD HBR study in 2012. Mr. Ganguly has also participated in various workshops where he has been able to, not only acquire relevant knowledge, but also contributed significantly towards enhancing India's position among countries who have significant brewing operations. Mr. Ganguly is on the Board of UBL since March 30, 2002.	**Other Boards** - Maltex Malsters Limited - Indian Premier Football Association Limited - Kingfisher East Bengal Football Team Private Limited

Mr. A K Ravi Nedungadi A trained Chartered and Cost Accountant, Mr. Nedungadi joined the UB Group in 1990 as the Corporate Treasurer. Within two years, he became the Group Finance Director of the Group's International business managing the businesses of UB International, which included the paint giant Berger Jenson and Nicholson with operations spanning 27 countries. He was instrumental in listing the Berger Group Companies on the London and Singapore bourses. Since his appointment as the President and Group CFO in 1998, he led the way to sharpening the focus of the Group, which had a conglomerate approach, on areas of competence and global reach. This saw the Group focus on three verticals – Brewing, Distilling and Aviation, each area presenting clear leadership within India and global significance. He was also responsible for opening up the beverage alcohol sector to Global Best Practices and Transparency, enabling the entry of institutional investors and rerating of the industry itself. Under his leadership, the market capitalisation of the 3 principal Group companies has crossed US$ 5 Billion which bears testimony to the successful accomplishment of business restructuring, consolidation and enhanced shareholder value. As the principle leadership resource of the UB Group, Mr. Nedungadi was responsible in concluding the acquisition of Shaw Wallace & Co., Whyte & Mackay, Bouvet Ladubay, etc. Mr. Nedungadi is the recipient of many awards of excellence, including Udyog Ratan Award, IMA's CFO of the Year, CNBC TV18's – CFO of the Year – M & A etc. Memberships in esteemed organisations like Who's Who of Professionals only reinforce the above testimonials. Further, he is on the Board of several companies, both in India and overseas. His interests in social work and arts engage his free time. He is an active Rotarian and is a Trustee of India Foundation for the Arts, India's leading grant making Art Philanthropy. Mr. Nedungadi is on the Board of UBL since August 09, 2002.	**Other Boards** - Sanofi India Limited - Bayer CropScience Limited **Audit Committees** - Sanofi India Limited - Bayer CropScience Limited **Investors' Grievance Committees** - Sanofi India Limited - Bayer CropScience 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 continued 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 of Heineken N.V. Mr. Hooft Graafland is on the Board of UBL since December 07, 2009.	NIL

Mr. Roland Pirmez Mr. Pirmez was appointed President of Heineken Asia Pacific Pte. Ltd. in June 2013. Prior to that, he was the Chief Executive Officer of APB since 2008. He has an Engineering degree in Agriculture and Master's degree in Brewing from the University of Louvain-la-Neuve in Belgium. Mr. Pirmez, with 27 years in the beer industry, was previously CEO of Heineken Russia, a position he held from 2002 to 2008. He was General Manager of APB's associate, Thai Asia Pacific Brewery Co. Ltd., for 4 years from 1998 to 2002. Prior to Thailand, Mr. Pirmez held different positions in Africa, and joined Heineken as Managing Director - Angola in 1996. His expertise in the specific functional areas included extensive experience in beer industry, brewing of beer and general management. Mr. Pirmez is on the Board of UBL since September 13, 2013.	NIL
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. 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. Mr. van Zon is on the Board of UBL since December 07, 2012.	NIL
Mr. Chugh Yoginder Pal Mr. Chugh Yoginder Pal is a first class Graduate in Engineering from Delhi University. After a brief Industrial Engineering training stint in TELCO he joined Hindustan Lever in 1960, where he held various positions starting in Industrial Engineering and moved up quickly in the Management hierarchy in a variety of Production, Factory and General Management roles leading to head of Corporate Materials Management. He joined Cadbury India Limited as Technical Director and became Managing Director in 1983 and Chairman & Managing Director in 1987. He retired as Executive Chairman in 1997 and continues to be Non-Executive Chairman of Cadbury India Limited (now Mondelez India Foods Limited). Mr. Pal brings with him great expertise and understanding of the Indian Business environment. He was President of the prestigious Bombay Chamber of Commerce and Industry. Mr. Pal is on the Board of UBL since April 29, 2005.	**Other Boards** - Induri Farm Limited - Maya Entertainment Limited - Mondelez India Foods Limited - Shriram Pistons & Rings Limited - Aptech Limited - Franchising Association of India - Renfro India Private Limited **Audit Committees** - Mondelez India Foods Limited (Chairman) - Aptech Limited (Chairman) - Shriram Pistons & Rings Limited **Investors' Grievance Committee** - Mondelez India Foods Limited (Chairman)

Mr. Sunil Alagh Mr. Sunil Alagh is Chairman of SKA Advisors, a Business Advisory / Consultancy firm with a focus on Marketing and Brand building strategies. He is a graduate in Economics (Hons.) with MBA from IIM Calcutta. He has worked with ITC Limited, Jagatjit Industries Limited and Britannia Industries Limited. He was Managing Director and CEO of Britannia Industries Limited from 1989 to 2003. During this tenure, Britannia figured in the Forbes Magazine list of 300 Best Small Companies in the world for 3 years. It also became the Number 1 food Brand in India. He is on the Boards of GATI Ltd. (a JV with KWE, Japan), GATI Import & Export Trading Ltd. and Indofil Industries Ltd. In addition, he is a member of the Governors' of IIM Bangalore and on the advisory Board of the Jawaharlal Darda Institute of Engineering and Technology, Yavatmal. He is a former member of the Board of IL&FS Investsmart Ltd., The Indian Advisory Board of Schindler Switzerland, Board of Governors' of IIM Indore, the Governing Council of the National Institute of Design, Ahmedabad and a member of the round table on higher education of the Ministry of HRD, Government of India. He was honoured with the 'Gold Medal Kashlkar Memorial Award 2000' for outstanding contribution to the food processing industry in India. He was a finalist for the Ernst and Young Entrepreneur of the Year Award, 2002. Mr. Alagh is on the Board of UBL since April 29, 2005.	**Other Boards** - GATI Limited - Indofil Industries Limited - GATI Import Export Trading Limited - SKA Advisors Private Limited **Audit Committee** - Indofil Industries Limited **Shares Transfer and Stakeholders' Relationship Committee** - Indofil Industries Limited
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, Sangeeta Jain Charitable Trust and Oswal Mitra Mandal. Mr. Jain is on the Board of UBL since January 27, 2003.	**Other Boards** - Asit C. Mehta Investment Intermediates Limited - RPG Life Sciences Limited - NOCIL Limited - Pioneer Distilleries Limited - Practical Financial Services Private Limited **Audit Committees** - NOCIL Limited (Chairman) - RPG Life Sciences Limited (Chairman) - Pioneer Distilleries Limited
Ms. Kiran Mazumdar Shaw A pioneer of the biotechnology industry in India and the head of country's leading biotechnology enterprise, Biocon, Ms. Kiran Mazumdar Shaw is a highly respected businesswoman. Ms. Shaw, a first generation entrepreneur, has made her country proud with a globally recognized bio-pharma enterprise, which is committed to innovation and affordability in delivering world class therapeutics to patients worldwide. As the first woman brew master of India, with a pioneering spirit to make a difference she leveraged her knowledge of fermentation science to pursue the road less taken and build an innovative bio-pharma company, the first in India. Today, Biocon is India's largest insulins Company that pioneered the development of the world's only pichia based recombinant human insulin, which is now available in over 50 countries. Under her leadership Biocon has become a well-recognized global brand.	**Other Boards** - Biocon Limited - Syngene International Limited - Clinigene International Limited - Biocon Research Limited - Infosys Limited - Glenloch Properties Private Limited - Narayana Institute for Advanced Research Private Limited - Narayana Hrudayalaya Private Limited - Biocon Academy - Indian School of Business - Mazumdar Shaw Medical Foundation **Stakeholders' Relationship Committee** - Biocon Limited

Named among TIME magazine's 100 most influential people in the world, Ms. Mazumdar Shaw has made affordable innovation the foundation of her business model. Economic Times had ranked her among India Inc.'s top 10 most powerful women CEOs in 2012 and Nature Biotechnology voted her the most influential Bio-businessperson outside Europe and the USA. Her vision and work for biotechnology have drawn global recognition both for Indian Industry and Biocon. Recently, U.S. based Chemical Heritage Foundation conferred Ms. Shaw with the 2014 *Othmer* Gold Medal for her multifaceted contributions to chemical and scientific heritage. Ms. Shaw is also an Independent Member of the Board of Infosys, a global leader in consulting, technology and outsourcing solutions. She is also the Chairperson of its Board of Governors of the Indian Institute of Management, Bangalore. In addition to her formal qualifications of a Brewmaster from Ballarat University, Australia; she holds several other honorary degrees from renowned international universities like Trinity College, Dublin; University of Abertay, Dundee; University of Glasgow; Heriot-Watt University, Edinburgh etc. Ms. Shaw is the recipient of several prestigious awards including the Nikkei Asia Prize, 2009 for Regional Growth; Express Pharmaceutical Leadership Summit Award 2009 for Dynamic Entrepreneur; the Economic Times 'Businesswoman of the Year'; the 'Veuve Clicquot Initiative' for Economic Development for Asia; Ernst & Young's 'Entrepreneur of the Year' Award for Life Sciences & Healthcare; 'Technology Pioneer' recognition by World Economic Forum and The Indian Chamber of Commerce, 'Lifetime Achievement Award'. Her most cherished awards are the two National Civilian Awards, PADMASHRI (1989) and PADMA BHUSHAN (2005) presented to her by the President of India, for her innovative efforts in Industrial Biotechnology. She is also the Honorary Consul of Ireland in Bangalore. Ms. Shaw is on the Board of UBL since October 26, 2009.	
Mr. Madhav Bhatkuly Mr. Madhav Bhatkuly has a Master's Degree in Commerce from Sydenham College, Bombay and a Master's Degree in Economics from the London School of Economics. He is a recipient of the Foreign and Commonwealth Scholarship from the British Government. Mr. Bhatkuly was a country partner of Arisaig Partners from 1999 to 2005. Prior to that, he was associated with SG Securities and ICICI Bank Limited. He partnered with Chris Hohn of The Children's Investment Fund, (UK) TCI to set up a dedicated India Fund. He is credited to have been amongst the first institutional investors in many small companies which have gone on to become some of India's leading names. He has been featured on several TV shows including "CNBC's wizards of Dalal Street", Indianomics, the Karan Thapar Show etc. and has been invited to speak at many business schools such as the Indian Institute of Management, and by many organisations such as the Confederation of India Industries (CII), Goldman Sachs etc. He currently serves as director on the board of New Horizon Opportunities Master Fund (NHOF). Based on the information in public domain, NHOF has been the best performing India fund in the world over the past 6 years. Mr. Bhatkuly is on the Board of UBL since October 26, 2009.	**Other Boards** - New Horizon Financial Research Private Limited - New Horizon Wealth Management Private Limited

Mr. Stephan Gerlich In April 2014, Mr. Stephan Gerlich assumed the role as CEO of Bayer de Mexico and spokesperson of the Bayer Group in Mexico. Bayer in Mexico has more than 3,300 employees, sales of 1,000 Mio € and 6 production sites. Formerly, in his assignment in India, Mr. Gerlich was the Country Group Speaker for the Bayer Group in India and 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 thereafter 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. Mr. Gerlich is on the Board of UBL since July 02, 2010.	NIL

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.

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

Names of the Directors	Membership in Boards other than UBL in India	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	12	NIL	2
Mr. Kalyan Ganguly	3	NIL	NIL
Mr. A K Ravi Nedungadi	2	4 (Chairman of 1 Committee)	NIL
Mr. Duco Reinout Hooft Graafland	NIL	NIL	NIL
Mr. Roland Pirmez	NIL	NIL	NIL
Mr. Henricus Petrus van Zon	NIL	NIL	NIL
Mr. Chugh Yoginder Pal	7	4 (Chairman of 3 Committee)	3
Mr. Sunil Alagh	4	2	3
Mr. Chhaganlal Jain	5	3 (Chairman of 2 Committee)	2
Ms. Kiran Mazumdar Shaw	11	1	6
Mr. Madhav Bhatkuly	2	NIL	NIL
Mr. Stephan Gerlich	NIL	NIL	NIL

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

** Audit Committee and Investors' Grievance/Stakeholders' Relationship Committee.

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

Notes:

a) Out of 12 other Companies in India in which Dr. Vijay Mallya is a Director, 3 are Private Limited Companies and 1 is a Section 25 Company under the Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013). Dr. Vijay Mallya is also on the Board of 31 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) Mr. A K Ravi Nedungadi is a Director in 2 Indian Companies. Mr. A K Ravi Nedungadi is also on the Board of 5 Overseas Companies.
d) Mr. Duco Reinout Hooft Graafland is on Board of 2 Overseas Companies.
e) Mr. Roland Pirmez is on Board of 35 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 and 1 is a Section 25 Company under the Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013).
h) Out of 4 other Companies in which Mr. Sunil Alagh is a Director, 1 is a Private Limited Company.
i) Out of 5 other Companies in which Mr. Chhaganlal Jain is a Director, 1 is a Private Limited Company.
j) Out of 11 other Companies in which Ms. Kiran Mazumdar Shaw is a Director, 3 are Private Limited Companies and 1 is a Section 25 Company under the Companies Act, 1956 (corresponding to Section 8 of the Companies Act, 2013). Ms. Mazumdar is also on 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) Mr. Stephan Gerlich is not a Director in any other Company.

Board Meetings

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

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

During the financial year ended on March 31, 2014, four (4) Board Meetings were held on May 30, 2013, August 14, 2013, November 07, 2013 and February 12, 2014.

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 12.09.2013
Dr. Vijay Mallya	Chairman (NE)	4	4	Yes
Mr. Kalyan Ganguly	Managing Director	4	4	Yes
Mr. A K Ravi Nedungadi	Director (NE)	4	4	Yes
Mr. Duco Reinout Hooft Graafland	Director (NE)	4	2	Yes
Mr. Theodorus Antonius Fredericus de Rond*	Director (NE)	4	NIL	—
Mr. Roland Pirmez**	Director (NE)	4	2	—
Mr. Henricus Petrus van Zon	Director (CFO)	4	4	Yes
Mr. Chugh Yoginder Pal	Director (NE, IND)	4	3	Yes
Mr. Sunil Alagh	Director (NE, IND)	4	3	Yes
Mr. Chhaganlal Jain	Director (NE, IND)	4	4	Yes
Ms. Kiran Mazumdar Shaw	Director (NE, IND)	4	4	Yes
Mr. Madhav Bhatkuly	Director (NE, IND)	4	3	—
Mr. Stephan Gerlich	Director (NE, IND)	4	2	Yes

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

* Mr. Theodorus Antonius Fredericus de Rond opted out of the Board with effect from September 13, 2013.

** Mr. Roland Pirmez was appointed as Director with effect from September 13, 2013.

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 into 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, 2014, five (5) Audit Committee Meetings were held on May 30, 2013, June 13, 2013, August 14, 2013, November 07, 2013 and February 12, 2014.

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	5	4
Mr. Sunil Alagh	MEMBER	5	4
Mr. Chhaganlal Jain	MEMBER	5	5

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, Registrar and Share Transfer Agent and the same are being processed and approved once in ten days.

During the year ended March 31, 2014 the Committee met four (4) times i.e., on May 30, 2013, August 14, 2013, November 07, 2013, and January 21, 2014 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.

Stakeholders' Relationship Committee

The Board of Directors at its Meeting held on May 27, 2014, re-designated the existing Investors' Grievance Committee as the Stakeholders' Relationship Committee in order to align with the requirements of the Companies Act, 2013. The 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' Grievance like non-receipt of Balance Sheet, non-receipt of declared Dividends, non-receipt of Share certificates, Demat Credit, etcetera, and shall inter alia operate and cover areas as may be prescribed under the Companies Act, and other applicable Regulations from time to time.

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

Number of Shareholders' complaints received from 01-04-2013 to 31-03-2014 (These complaints pertained mainly to non-receipt of Share Certificates upon transfer, non-receipt of Annual Report, non-receipt of Dividend, etc.)	28
Number of complaints not solved to the satisfaction of the Shareholders	NIL
Number of pending Share transfers	NIL

During the year ended March 31, 2014, two (2) Meetings of Investors' Grievance Committee were held on November 07, 2013, which was attended by Mr. Sunil Alagh and Mr. Chhaganlal Jain and on February 12, 2014 which was attended by all the members.

Corporate Social Responsibility Committee

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

The Board of Directors at their meeting held on May 27, 2014, has constituted Corporate Social Responsibility Committee in compliance with the requirements of the Companies Act, 2013 and shall inter alia operate and cover areas as may be prescribed under the Companies Act, and other applicable Regulations from time to time.

The Committee comprises of Dr. Vijay Mallya, Mr. Kalyan Ganguly, Mr. Henricus Petrus van Zon, Ms. Kiran Mazumdar Shaw, Mr. Sunil Alagh and Mr. Madhav Bhatkuly as Members. Dr. Vijay Mallya is the Chairman of the Committee.

Borrowing Committee

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

The Borrowing Committee 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. Chhaganlal Jain is the Chairman of the Committee. During the year ended March 31, 2014, no meeting of Borrowing Committee was held.

Nomination and Remuneration Committee

The Board of Directors at its meeting held on May 27, 2014 re-designated the existing Remuneration/Compensation Committee as the Nomination and Remuneration Committee in order to align with the requirement of the Companies Act, 2013. The Committee comprises of Mr. A K Ravi Nedungadi, 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;
- to formulate and implement Employee Stock Option Scheme to employees / Directors in terms of prescribed Guidelines, and
- shall inter alia operate and cover areas as may be prescribed under the Companies Act, and other applicable Regulations from time to time.

During the year ended March 31, 2014, three (3) Meetings of Remuneration / Compensation Committee were held on August 14, 2013, January 06, 2014 and February 12, 2014 which were attended by all the Members, excluding Mr. A K Ravi Nedungadi who was inducted as a member of the Committee on May 27, 2014.

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, 2014, Mr. Kalyan Ganguly, Managing Director and Mr. Henricus Petrus van Zon, Director & CFO were paid remuneration as under:

(Rupees)

Name	Salary & Allowance	Perquisites	Retiral Benefits
Mr. Kalyan Ganguly	4,97,91,750	82,23,389	93,22,461
Mr. Henricus Petrus van Zon	4,13,22,233	78,07,408	49,11,993

Sitting fees to Directors during 2013-2014

Sl. No.	Name of the Director	Sitting Fees paid (Rupees)*
1.	Dr. Vijay Mallya	80,000/-
2.	Mr. A K Ravi Nedungadi	120,000/-
3.	Mr. Chugh Yoginder Pal	180,000/-
4.	Mr. Chhaganlal Jain	230,000/-
5.	Mr. Sunil Alagh	190,000/-
6.	Mr. Duco Reinout Hooft Graafland	20,000/-
7.	Ms. Kiran Mazumdar Shaw	80,000/-
8.	Mr. Madhav Bhatkuly	60,000/-
9.	Mr. Stephan Gerlich	40,000/-
10.	Mr. Roland Pirmez	40,000/-
	TOTAL	**1,040,000/-**

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 to Directors during 2013-2014

Sl. No.	Name of the Director	Commission (Rupees)**
1.	Dr. Vijay Mallya	21,021,386/-
2.	Mr. Chugh Yoginder Pal	2,335,710/-
3.	Mr. Chhaganlal Jain	2,335,710/-
4.	Mr. Sunil Alagh	2,335,710/-
5.	Ms. Kiran Mazumdar Shaw	2,335,710/-
6.	Mr. Madhav Bhatkuly	2,335,710/-
7.	Mr. Stephan Gerlich	2,335,710/-

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

SHAREHOLDERS INFORMATION

General Body Meetings

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

Date	Time	Venue	Special Resolutions Passed
September 12, 2013	11.30 a.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore-560 025	Nil
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

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

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.

E-voting

In terms of Section 108 of the Companies Act, 2013, Rules framed thereunder and Clause 35B of the Listing Agreement, the Company is providing e-voting facility to its shareholders in respect of all shareholders' resolutions proposed to be passed at this Annual General Meeting.

Disclosures

During the financial year ended March 31, 2014, 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.

Dividend

Dividend on Equity Shares for the financial year ended March 31, 2014 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 02, 2014 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 04, 2014 after giving effect to all valid Share transfers in physical form which are lodged with the Company on or before Tuesday, September 02, 2014.

Unclaimed Dividend

The unclaimed/unpaid Final Dividend for the financial year ended March 31, 2007 and Interim Dividend for the financial year ended March 31, 2008 will be due for transfer to the Investor Education and Protection Fund (IEPF) on October 16, 2014 and October 10, 2015 respectively in terms of the Companies Act. Members who have not encashed the Dividend Warrants for the aforesaid Dividends are requested to approach the Registrars and Share Transfer Agents of the Company as no 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, 2014 as required under the Listing Agreement is given hereunder:

No. of Shareholders Holding unclaimed shares as on 01.04.2013	No. of unclaimed Shares as on 01.04.2013	No. of Shareholders claimed shares during the year	No. of unclaimed shares transferred during the year	No. of Shareholders Holding unclaimed shares as on 31.03.2014	Balance Unclaimed Shares as on 31.03.2014	Voting Rights Frozen (%)
7993	1382891	60	17033	7933	1365858	0.52

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 27, 2014
Cut off date for ascertaining Shareholders entitled for Notice	August 01, 2014
Posting of Annual Report	August 08, 2014
Book Closure dates	September 03, 2014 and September 04, 2014
Last date for receiving proxy	September 02, 2014
E-voting starting date and time	August 29, 2014 at 9.30 a.m.
E-voting closure date and time	August 31, 2014 at 5.30 p.m.
Date of Annual General Meeting	September 04, 2014
Time	11.30 a.m.
Venue	Good Shepherd Auditorium, Opp St. Joseph's Pre-University College, Residency Road, Bangalore 560 025.

In terms of Companies Act, 2013 service of documents including Annual Report, Notice of Annual General Meeting and other requisite correspondence may be made by the Company to its Shareholders by Electronic mode. In continuation of our endeavor to support the Green Initiative of e-communication, the Company is sending the Annual Report and Notice convening 15th Annual General Meeting by electronic mode to the shareholders. The Annual Report and the Notice is also available on the website of your Company www.unitedbreweries.com.

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 2014 - 2015. The Scrip Code of your Company's Equity Shares on these Stock Exchanges is as under:

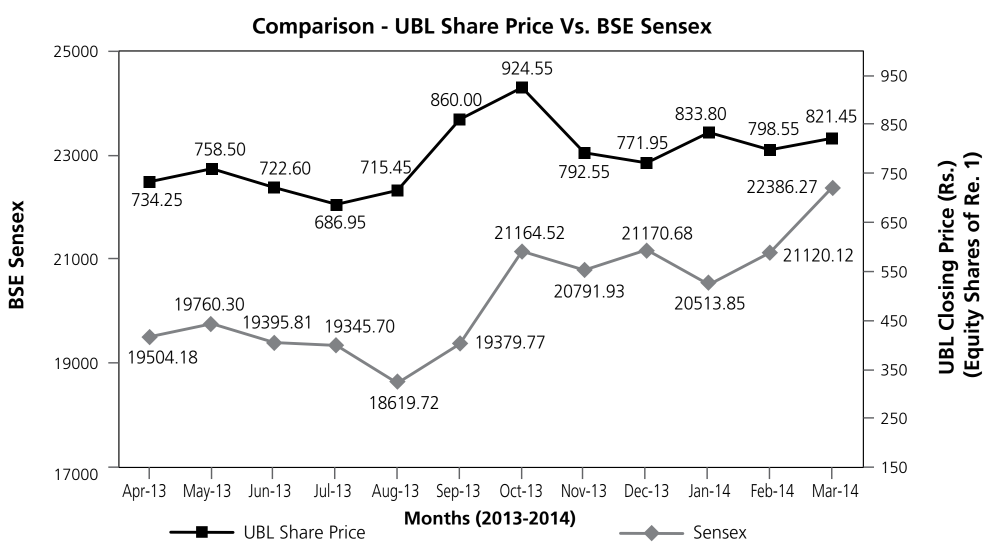
STOCK EXCHANGE	SCRIP CODE
BANGALORE STOCK EXCHANGE LIMITED	UNITEDBRED
BSE LIMITED	532478
NATIONAL STOCK EXCHANGE OF INDIA LIMITED	UBL

Market price data of the Company's Equity Shares traded on the BSE Limited, during the period April 2013 to March 2014.

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Sensex – Close
	BSE	BSE	BSE	BSE
April, 2013	818.00	690.00	734.25	19,504.18
May, 2013	788.00	706.00	758.50	19,760.30
June, 2013	782.00	593.40	722.60	19,395.81
July, 2013	925.00	644.00	686.95	19,345.70
August, 2013	832.90	628.00	715.45	18,619.72
September, 2013	907.50	722.20	860.00	19,379.77
October, 2013	1,005.00	825.60	924.55	21,164.52
November, 2013	945.90	716.50	792.55	20,791.93
December, 2013	837.20	725.70	771.95	21,170.68
January, 2014	842.65	735.00	833.80	20,513.85
February, 2014	854.00	765.00	798.55	21,120.12
March, 2014	838.55	780.00	821.45	22,386.27

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

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

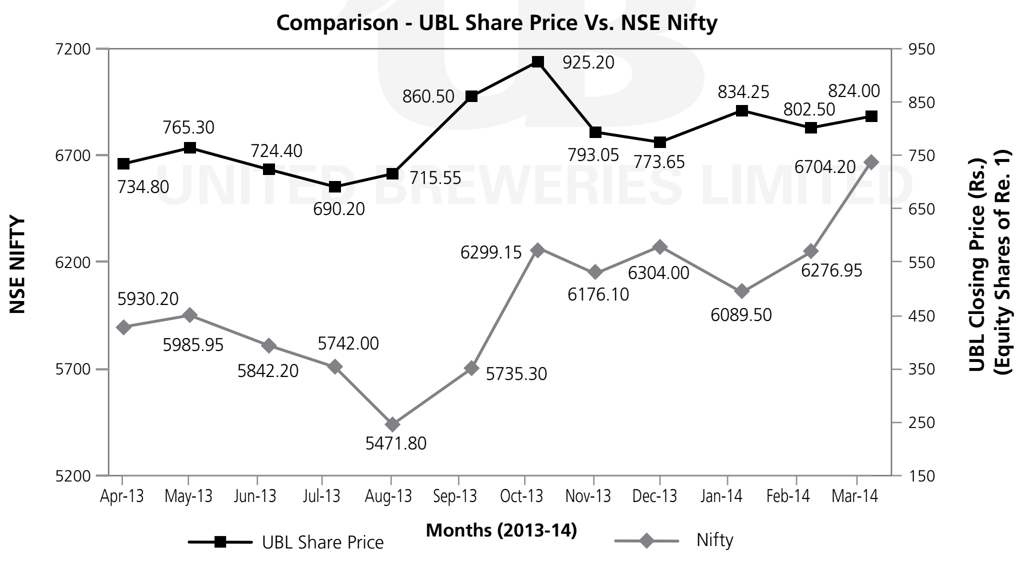


Market price data of the Company's Equity Shares traded on the National Stock Exchange of India Limited, (NSE) during the period April 2013 to March 2014.

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Nifty – Close
	NSE	NSE	NSE	NSE
April, 2013	819.40	690.50	734.80	5930.20
May, 2013	789.00	706.00	765.30	5985.95
June, 2013	783.00	593.50	724.40	5842.20
July, 2013	928.00	639.00	690.20	5742.00
August, 2013	813.20	629.35	715.55	5471.80
September, 2013	908.00	720.00	860.50	5735.30
October, 2013	1,006.00	812.50	925.20	6299.15
November, 2013	948.00	716.70	793.05	6176.10
December, 2013	837.90	724.85	773.65	6304.00
January, 2014	841.80	734.70	834.25	6089.50
February, 2014	854.40	763.55	802.50	6276.95
March, 2014	838.85	777.50	824.00	6704.20

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

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



Share Transfer System

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

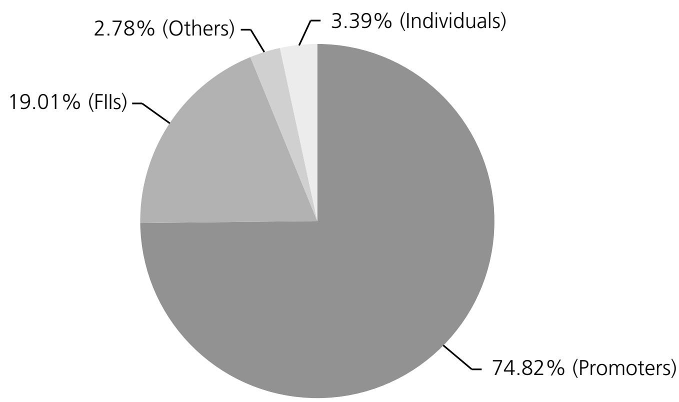
The distribution of shareholding as on March 31, 2014 is furnished below:

Category (Rs.)	No. of Shareholders	% (Percentage)	No. of Shares held	% (Percentage)
Up to 5000	34,322	98.95	7,725,889	2.92
5001 – 10000	124	0.36	912,995	0.34
10001 – 20000	74	0.21	1,067,052	0.40
20001 – 30000	32	0.09	813,668	0.31
30001 – 40000	17	0.05	596,599	0.23
40001 – 50000	10	0.03	448,369	0.17
50001 - 100000	23	0.07	1,525,196	0.58
100001 and Above	84	0.24	251,315,381	95.05
TOTAL	**34,686**	**100.00**	**264,405,149**	**100.00**

Shareholding Pattern as on March 31, 2014

Category	No. of Shares held	Percentage of Shareholding
Promoters		
Indian	94,936,930	35.90
Foreign	102,897,740	38.92
Sub-Total	**197,834,670**	**74.82**
Foreign Institutional Investors (FIIs)	**50,269,067**	**19.01**
Individuals	**8,967,876**	**3.39**
Others		
Mutual Funds	581,257	0.22
Banks / Financial Institution	35,308	0.01
Central / State Governments	660	0.00
Insurance Companies	Nil	Nil
Bodies Corporate	5,065,553	1.40
Trust	255,461	0.10
NRI	482,533	0.18
Clearing Members	132,134	0.05
Overseas Corporate Bodies	1,880	0.00
Qualified Foreign Investors	778,750	0.29
Sub-Total	**7,333,536**	**2.78**
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:

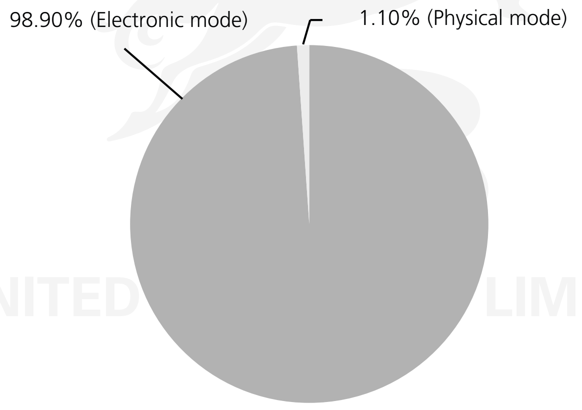
Sl. No.	Name	Number of Equity Shares held	
		As on March 31, 2014	As on March 31, 2013
1.	Dr. Vijay Mallya	21,353,620	21,353,620
2.	Mr. Kalyan Ganguly	14,690	14,690
3.	Mr. Sunil Alagh	3,000	3,000

Dematerialization of Shares

The Company has set up requisite facilities for dematerialization of its Equity Shares in accordance with the provisions of the Depositories Act, 1996 with National Securities Depository Limited and Central Depository Services (India) Limited. The Company has entered into agreements with both the Depositories for the benefit of Shareholders. The International Securities Identification Number (ISIN) alloted to Equity Shares of the Company is INE686F01025. The status of Dematerialization of the Company's Shares as on March 31, 2014 is as under:

Mode	No. of Shares	% age	No. of Shareholders
Physical mode	2,901,952	1.10	11,624
Electronic mode	261,503,197	98.90	23,062
TOTAL	**264,405,149**	**100.00**	**34,686**

Shares held in physical and demat form as on March 31, 2014



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

INTEGRATED ENTERPRISES (INDIA) LIMITED
30, RAMANA RESIDENCY, 4TH CROSS, SAMPIGE ROAD, MALLESWARAM,
BANGALORE – 560 003.
Tel.No.: (080) 2346 0815 to 2346 0818 Fax No.: (080) 2346 0819
CIN: U65993IN1987PLC014963 email: alfint@vsnl.com
Contact Persons: MR. VIJAYAGOPAL or MR. RAJARAMAN
Investors can also post their queries to 'ublinvestor@ubmail.com'

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

Independent Auditor's Report

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, 2014, 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 notified under the Companies Act, 1956 ("the Act"), read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 Companies Act, 1956 ("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, 2014;

(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.

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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs;

(e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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: Bengaluru
Date: May 27, 2014

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, *except that location of coolers and dates of additions in certain cases have not been maintained in an accurate manner.*

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

(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 explanation that purchases of items of inventories and certain fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, 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. *However, the management of the Company is in the process of further strengthening the Information Technology/ERP related internal controls in respect of aforementioned areas, controls in respect of recording of purchases, preparation of age analysis in respect of inventories and receivables from contract brewing units, documentation in respect of sales promotion expenses and credit notes against sales.* 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 few cases in deposit of income tax, sales- tax, service tax, octroi/entry tax and customs duty dues and slight delays in few cases in deposit of provident fund and employees' state insurance 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:*

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*
The Mumbai Municipal Corporation Act, 1888	*Octroi/entry tax*	*867*	*2005-06 to 2013-14*	*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 (Rs. in Lakhs)**	**Period to which the amount relates**	**Forum where dispute is pending**
The Income Tax Act, 1961	Disallowance of expenses	11,000	1,927	FY 2002-03 to 2009-10	Commissioner of Income Tax (Appeals)
		1,000	—	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
		2,273	—	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

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax (various statutes)	Sales tax/ value added tax	51	—	2008-09 to 2011-12	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.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not 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. 10,000 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: Bengaluru
Date: May 27, 2014

UNITED BREWERIES LIMITED

Balance Sheet as at March 31, 2014

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

	Notes	As at March 31, 2014	*As at March 31, 2013*
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,051	*10,051*
Reserves and surplus	4	1,60,535	*1,41,018*
		1,70,586	*1,51,069*
Non-current liabilities			
Long-term borrowings	5	52,754	*74,320*
Deferred tax liabilities (net)	6	7,954	*7,455*
Long-term provisions	7	550	*338*
		61,258	*82,113*
Current liabilities			
Short-term borrowings	8	48,891	*55,693*
Trade payables	9	20,941	*24,960*
Other current liabilities	10	78,700	*52,175*
Short-term provisions	7	9,204	*7,856*
		1,57,736	*1,40,684*
Total		**3,89,580**	*3,73,866*
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,58,509	*1,57,376*
Intangible assets	11	2,183	*2,023*
Capital work-in-progress		8,227	*11,398*
Non-current investments	12	2,547	*2,547*
Long-term loans and advances	13	17,386	*13,867*
Other non-current assets	14	564	*630*
		1,89,416	*1,87,841*
Current assets			
Inventories	15	54,328	*51,263*
Trade receivables	16	95,860	*81,330*
Cash and bank balances	17	14,248	*23,277*
Short-term loans and advances	13	35,608	*29,570*
Other current assets	14	120	*585*
		2,00,164	*1,86,025*
Total		**3,89,580**	*3,73,866*
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

Bengaluru, May 27, 2014

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

London, May 27, 2014

Statement of Profit and Loss for the year ended March 31, 2014

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

	Notes	March 31, 2014	*March 31, 2013*
INCOME			
Revenue from operations (gross)	21	7,26,184	*6,53,023*
Less: Excise duty		3,02,634	*2,62,709*
Revenue from operations (net)		4,23,550	*3,90,314*
Other income	22	2,438	*3,922*
Total		**4,25,988**	*3,94,236*
EXPENSES			
Cost of materials consumed	23	1,72,572	*1,64,353*
Purchases of traded goods	24	3,360	*3,504*
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	25	(1,025)	*(2,052)*
Employee benefits expense	26	26,078	*24,100*
Depreciation and amortisation expense	11	19,767	*17,024*
Finance costs	27	7,983	*7,989*
Other expenses	28	1,63,839	*1,52,773*
Total		**3,92,574**	*3,67,691*
Profit before tax		**33,414**	*26,545*
Tax expenses (refer note 38)			
Current tax		10,354	*7,009*
Deferred tax charge		499	*2,315*
Total tax expenses		**10,853**	*9,324*
Profit for the year		**22,561**	*17,221*
Earnings per equity share in Rs. [nominal value per share Re.1 (Previous year: Re.1)]	34		
Basic		8.43	*6.41*
Diluted		8.43	*6.41*
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

Bengaluru, May 27, 2014

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

London, May 27, 2014

Cash Flow Statement for the year ended March 31, 2014

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

		Notes	March 31, 2014		*March 31, 2013*	
A	**Cash flow from operating activities**					
	Profit before tax			33,414		*26,545*
	Adjustments for:					
	Depreciation and amortisation expense		19,767		*17,024*	
	Bad debts/advances written off		29		*535*	
	Provision for doubtful debts		376		*977*	
	Provision for doubtful advances		52		*597*	
	Net (gain)/loss on sale of fixed assets		(11)		*74*	
	Liabilities no longer required written back		(1,666)		*(1,557)*	
	Provision for doubtful debts, no longer required written back		(14)		*(496)*	
	Provision for doubtful advances, no longer required written back		(6)		*—*	
	Merger expenses [refer note 37(a)]		—		*(687)*	
	Interest expenses		7,820		*7,725*	
	Interest income		(169)		*(1,197)*	
	Dividend income		—	26,178	*(9)*	*22,986*
	Operating profits before working capital changes			**59,592**		*49,531*
	Movement in working capital:					
	Increase/(decrease) in trade payables		(2,354)		*(11,889)*	
	Increase/(decrease) in other current liabilities and provisions		8,097		*9,012*	
	(Increase)/decrease in inventories		(3,065)		*(11,275)*	
	(Increase)/decrease in trade receivables		(14,892)		*(12,224)*	
	(Increase)/decrease in loans and advances		(8,648)		*(368)*	
	(Increase)/decrease in other assets		294	(20,568)	*(164)*	*(26,908)*
	Cash generated from operations			**39,024**		*22,623*
	Direct taxes paid (net of refund)			(10,016)		*(7,403)*
	Net cash flow from operating activities (A)			**29,008**		*15,220*
B	**Cash flow from investing activities**					
	Purchase of fixed assets including capital work-in-progress and capital advances			(21,201)		*(38,008)*
	Proceeds from sale of fixed assets			18		*188*
	Investments in bank deposits (having original maturity of more than three months)			(247)		*(12,122)*
	Redemption/maturity of bank deposits (having original maturity of more than three months)			5,345		*—*
	Interest received			340		*6,767*
	Dividend received [includes Rs. Nil (Previous year: Rs. 5 Lakhs) received from subsidiary company]			—		*9*
	Net cash used in investing activities (B)			**(15,745)**		*(43,166)*

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

		Notes	March 31, 2014	*March 31, 2013*
C	**Cash flow from financing activities**			
	Proceeds from long term borrowings		—	*34,124*
	Repayment of long term borrowings		(84)	*(3,858)*
	Proceeds from/(repayment of) short term borrowings (net)		(6,802)	*673*
	Interest paid		(7,981)	*(7,391)*
	Dividend paid (including dividend distribution tax)		(2,393)	*(2,437)*
	Net cash flow from/(used in) financing activities (C)		**(17,260)**	*21,111*
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(3,997)**	*(6,835)*
	Cash and cash equivalents at the beginning of the year		10,644	*17,065*
	Cash and cash equivalents of transferor company at the beginning of the year [refer note 37(a)]		—	*414*
	Cash and cash equivalents at the end of the year		**6,647**	*10,644*
	Components of cash and cash equivalents			
	Cash on hand		24	*27*
	Cheques/drafts on hand		—	*2*
	Bank balances on current accounts*		4,098	*3,809*
	Bank balances on deposit accounts		2,525	*6,806*
	Total cash and cash equivalents		**6,647**	*10,644*
	Summary of significant accounting policies	2.1		

* Includes Rs.72 Lakhs (Previous Year: Rs.40 Lakhs) towards unpaid dividend accounts which can be utilised only towards settlement of unpaid dividends.

As per our report of even date

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

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

per Mahendra Jain
Partner
Membership Number: 205839

Bengaluru, May 27, 2014

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

Govind Iyengar
Company Secretary

London, May 27, 2014

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 Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs 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 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, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

(a) Change in accounting policy

Effective April 1, 2013, the Company has changed the basis of determining cost for the purpose of valuation of inventories from First-in-First-out (FIFO) basis to weighted average basis. The Company's management believes that the new method of accounting for inventory is preferable because weighted average method better reflects the current value of inventories.

Had the Company continued to use the earlier method of inventory valuation, the inventories as at March 31, 2014 would have been higher by Rs.72 Lakhs, cost of materials consumed would have been lower by Rs.72 Lakhs and consequently profit before tax would have been higher by Rs.72 Lakhs.

(b) 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.

(c) Tangible fixed assets

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

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

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

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

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

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.

(d) 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:

	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.

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of addition.

Leasehold land is amortized on a straight line basis over the period of lease i.e. 95-99 years. Leasehold improvements are amortized over the lower of useful life of the asset and the remaining period of the lease.

(e) 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%

(f) 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.

(g) 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.

(h) Impairment of tangible and intangible assets

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

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

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

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

(i) 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.

(j) 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.

(k) Inventories

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

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

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

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

(l) Revenue recognition

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

Sale of products

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

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

Sale of services

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

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.

(m) 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).

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

	As at March 31, 2014	*As at March 31, 2013*
3. SHARE CAPITAL		
Authorised shares		
4,12,98,00,000 (Previous year: 4,12,98,00,000) equity shares of Re. 1 each	41,298	*41,298*
5,86,00,000 (Previous year: 5,86,00,000) preference shares of Rs. 100 each	58,600	*58,600*
	99,898	*99,898*
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, 2014		*As at March 31, 2013*	
	Nos.	Rs. in Lakhs	*Nos.*	*Rs. in Lakhs*
Equity shares				
At the beginning of the year	26,44,05,149	2,644	*26,44,05,149*	*2,644*
Cancelled during the year on amalgamation*	—	—	*(84,89,270)*	*(85)*
Issued during the year on amalgamation				
Heineken UK Limited in lieu of equity shares of Scottish and Newcastle India Private Limited*	—	—	*84,89,270*	*85*
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(a)].

	As at March 31, 2014		*As at March 31, 2013*	
	Nos.	Rs. in Lakhs	*Nos.*	*Rs. in Lakhs*
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, 2014, the amount of dividend recognised as distributions to equity shareholders is Rs. 2,380 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.

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

c) Terms of redemption of preference shares

74,07,000, 3% cumulative redeemable preference shares-Series B of Rs. 100 each were issued in April 2005 to Scottish & Newcastle India Limited. The preference shares 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, 2014**		*As at March 31, 2013*	
	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.

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

	As at March 31, 2014	*As at March 31, 2013*
4. RESERVES AND SURPLUS		
Capital reserve		
Balance as per last financial statements	—	*1,286*
Less: Deductions on amalgamations [refer note 37(a)]	—	*(1,286)*
Closing balance	**—**	*—*
Capital redemption reserve		
Balance as per last financial statements	17,283	*—*
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**	*17,283*

Capital redemption reserve had been created in respect of 3% cumulative redeemable preference shares-Series A, redeemed during the year ended March 31, 2012.

	As at March 31, 2014	*As at March 31, 2013*
Securities premium account		
Balance as per last financial statements	62,938	*65,218*
Add: Additions on amalgamations [refer note 37(a)]	—	*16,523*
Less: Deductions on amalgamations [refer note 37(a)]	—	*(18,803)*
Closing balance	**62,938**	*62,938*
General reserve		
Balance as per last financial statements	17,271	*19,749*
Add: Transfer from statement of profit and loss	2,256	*1,722*
Less: Transfer to Capital redemption reserve	—	*(4,200)*
Closing balance	**19,527**	*17,271*
Surplus in the statement of profit and loss		
Balance as per last financial statements	43,526	*40,210*
Add: Additions on amalgamation [refer note 37(a)]	—	*3,326*
Add: Profit for the year	22,561	*17,221*
Less: Appropriations		
Proposed final equity dividend [amount per share Re. 0.90 (Previous year: Re. 0.70)]	(2,380)	*(1,851)*
Tax on proposed equity dividend	(404)	*(315)*
Dividend on preference shares [amount per share Rs. 3 (Previous Year: Rs. 3)]	(222)	*(222)*
Tax on preference dividend	(38)	*(38)*
Transfer to general reserve	(2,256)	*(1,722)*
Transfer to capital redemption reserve	—	*(13,083)*
Closing balance	**60,787**	*43,526*
Total reserves and surplus	**1,60,535**	*1,41,018*

5. LONG-TERM BORROWINGS

	Non-current portion		Current portion	
	As at March 31, 2014	*As at March 31, 2013*	**As at March 31, 2014**	*As at March 31, 2013*
Secured borrowings				
Foreign currency term loans				
External commercial borrowing from banks	48,594	*59,134*	10,540	—
Term loan from bank	—	*10,800*	10,800	—
	48,594	*69,934*	**21,340**	—
Unsecured borrowings				
Deferred payment liabilities	4,160	*4,386*	225	*84*
	4,160	*4,386*	**225**	*84*
Amount disclosed under the head " Other current liabilities" (refer note 10)	—	—	(21,567)	*(84)*
Total	**52,754**	*74,320*	**—**	—

Secured borrowings

Nature of security	Repayment and other terms
Foreign currency term loans	
DBS Bank Ltd: Rs. 24,643 Lakhs (Previous year: Rs. 24,643 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. 10,540 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.13,306 Lakhs) 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.10,645 Lakhs) 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.10,800 Lakhs) secured by pari-passu charge on all movable and immovable fixed assets of the Company other than assets of Taloja unit.	Repayable after 24 months from the date of drawal i.e., on February 25, 2015. The loan carries interest of 9.5% per annum payable on monthly basis.

Unsecured borrowings

Deferred payment liability of Rs. 4,385 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, 2014	*As at March 31, 2013*
6. DEFERRED TAX LIABILITIES		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	10,093	*9,088*
Gross deferred tax liability	**10,093**	*9,088*
Deferred tax asset		
Provision for doubtful debts and advances	787	*648*
Provision for gratuity and compensated absences	759	*548*
Other provisions	593	*437*
Gross deferred tax asset	**2,139**	*1,633*
Net deferred tax liability	**7,954**	*7,455*

	Long-term		Short-term	
	As at March 31, 2014	*As at March 31, 2013*	**As at March 31, 2014**	*As at March 31, 2013*
7. PROVISIONS				
Provision for employee benefits				
Gratuity	550	*338*	296	*178*
Compensated absences	—	*—*	1,386	*1,095*
	550	*338*	**1,682**	*1,273*
Other provisions				
Provision for proposed dividend and tax thereon	—	*—*	3,044	*2,425*
Provision for local area development tax	—	*—*	520	*476*
Provision for customs duty	—	*—*	167	*167*
Provision for litigationst	—	*—*	1,084	*808*
Provision for claims	—	*—*	2,707	*2,707*
	—	*—*	**7,522**	*6,583*
Total	**550**	*338*	**9,204**	*7,856*

	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	476	44	—	—	520
	(406)	(70)	(—)	(—)	(476)
Provision for customs duty	167	—	—	—	167
	(167)	(—)	(—)	(—)	(167)
Provision for litigations	808	276	—	—	1,084
	(506)	(302)	(—)	(—)	(808)
Provision for claims	2707	—	—	—	2,707
	(—)	(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.

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

	As at March 31, 2014	As at March 31, 2013
8. SHORT-TERM BORROWINGS		
Secured borrowings		
Indian currency cash credit from banks	10,389	13,802
Indian currency working capital demand loans from banks	17,500	23,500
	27,889	37,302
Unsecured borrowings		
Indian currency short-term loans from banks	21,000	12,500
Indian currency bank overdraft	2	1,967
Foreign currency buyer's credit from bank	—	3,924
	21,002	18,391
Total	**48,891**	55,693

Secured borrowings

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 9.10% 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 were repayable on demand and carried interest in the range of 9.92% to 10.05% p.a.
c) Buyer's credit from bank were repayable within 12 months from the date of respective loan and carried interest in the range of 8.63% to 8.95% p.a.

	As at March 31, 2014	As at March 31, 2013
9. TRADE PAYABLES		
Acceptances	199	2,478
Trade payables (refer note 20)	20,742	22,482
Total	**20,941**	24,960
10. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (refer note 5)	21,565	84
Liability for capital goods	2,119	4,102
Interest accrued but not due on borrowings	799	960
Security deposits	1,917	2,052
Unpaid dividends*	72	40
Statutory dues payable	11,847	11,815
Advances from customers	1,844	737
Advances from commission agents	2,140	2,718
Salaries and bonus payable	2,581	1,159
Other expenses payable	33,816	28,508
Total	**78,700**	52,175

*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, 2013	Additions	Deletions/ adjustments	As at March 31, 2014	*As at April 1, 2013*	On Deletions	For the year	As at March 31, 2014	As at March 31, 2014	*As at March 31, 2013*
Tangible assets										
Freehold land (refer note a)	*20,063*	3	—	20,066	—	—	—	—	20,066	*20,063*
Leasehold land	*3,795*	186	—	3,981	*454*	—	42	496	3,485	*3,341*
Buildings (refer note b)	*44,012*	2,049	—	46,061	*7,606*	—	1,404	9,010	37,051	*36,406*
Leasehold improvements	*64*	—	—	64	*64*	—	—	64	—	—
Plant and machinery (refer note b)	*1,66,353*	16,419	99	1,82,670	*73,290*	99	16,393	89,584	93,086	*93,063*
Office equipments	*1,023*	44	4	1,063	*503*	4	96	595	468	*520*
Computers	*829*	415	17	1,227	*601*	16	121	706	521	*228*
Furniture and fixtures	*6,568*	966	44	7,490	*4,765*	38	880	5,607	1,883	*1,803*
Laboratory equipments	*2,235*	271	—	2,506	*753*	—	245	998	1,508	*1,482*
Vehicles	*894*	46	—	940	*424*	—	77	499	441	*470*
Total	***2,45,836***	**20,396**	**164**	**2,66,068**	***88,460***	**157**	**19,256**	**1,07,559**	**1,58,509**	***1,57,376***
Previous year	***1,92,465***	54,347	976	2,45,836	*72,628*	714	16,546	88,460	1,57,376	
Intangible assets										
Goodwill	*6,543*	—	—	6,543	*6,543*	—	—	6,543	—	—
Licenses and rights	*6,845*	671	—	7,516	*4,823*	—	510	5,333	2,183	*2,022*
Brands	*631*	—	—	631	*630*	—	1	631	—	*1*
Total	***14,019***	671	**—**	**14,690**	***11,996***	**—**	**511**	**12,507**	**2,183**	***2,023***
Previous year	*13,550*	469	—	14,019	*11,518*	—	478	11,996	2,023	
Grand Total	***2,59,855***	**21,067**	**164**	**2,80,758**	***1,00,456***	**157**	**19,767**	**1,20,066**	**1,60,692**	***1,59,399***
Previous year	*2,06,015*	54,816	976	2,59,855	*84,146*	714	17,024	1,00,456	1,59,399	

Notes:

a) 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.

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

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

	As at March 31, 2014		As at March 31, 2013	
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				
Kingfisher East Bengal Football Team Private Limited (Formerly 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 Zoroastrian Co-operative Bank Limited [2,000 (Previous year: 2,000) equity shares of Rs. 25 each]		1		*1*
SAB Miller India Limited (Formerly Skol Breweries Limited) [300 (Previous year: 300) equity shares of Rs. 10 each]**		0		*0*
Castle Breweries Limited (Formerly Jupiter Breweries Industries Limited) [50 (Previous year: 50) equity shares of Rs. 10 each]**		0		*0*
Mohan Meakin Limited [100 (Previous year: 100) equity shares of Rs. 5 each]**		0		*0*
Blossom Industries Limited [100 (Previous year: 100) equity shares of Rs. 3 each]**		0		*0*
The Cosmos Co-operative Bank Limited [1,000 (Previous year: 1,000) equity shares of Rs. 100 each]		1		*1*
In Government securities				
National savings certificate	18		*18*	
Less: Provision for diminution in value of investments	(15)	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, 2014	As at March 31, 2013
Aggregate amount of unquoted investments (net)	2,547	*2,547*
Aggregate provision for diminution in value of investments	1,974	*1,974*

	Long-term		Short-term	
	As at March 31, 2014	*As at March 31, 2013*	**As at March 31, 2014**	*As at March 31, 2013*
13. LOANS AND ADVANCES				
Unsecured, considered good				
Capital advances	3,994	*2,672*	—	—
Security deposits	3,614	*3,922*	1,354	*761*
Advance to suppliers	2,649	*2,431*	1,415	*3,380*
Advance to related parties	—	—	—	*67*
Prepaid expenses	131	*182*	5,237	*2,945*
Balance with statutory/government authorities	182	*228*	27,035	*18,999*
Other loans and advances				
Advance income tax (net of provision)	6,736	*4,178*	—	—
MAT credit entitlement (refer note 38)	—	—	—	*2,896*
Other advances recoverable in cash or kind	80	*254*	567	*522*
	17,386	*13,867*	**35,608**	*29,570*
Unsecured, considered doubtful				
Capital advances	74	*51*	—	—
Security deposits	15	*6*	—	—
Advance to suppliers	55	—	—	*41*
Advance to Star Investments Private Limited*	597	—	—	*597*
Provision for doubtful advances	(741)	*(57)*	—	*(638)*
	—	—	—	—
Total	**17,386**	*13,867*	**35,608**	*29,570*

*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 previous year, the amount had been repaid and the remaining unpaid interest thereon of Rs. 597 Lakhs, outstanding as at the year end, had been fully provided for.

	Non-current		Current	
	As at March 31, 2014	*As at March 31, 2013*	**As at March 31, 2014**	*As at March 31, 2013*
14. OTHER ASSETS				
Unsecured, considered good				
Bank deposits with original maturity of more than 12 months	7	*9*	—	—
Margin money deposits towards bank guarantees	100	*164*	—	—
Interest accrued on fixed deposits, loans and advances	—	—	120	*291*
Government grant receivable	457	*457*	—	*294*
Total	**564**	*630*	**120**	*585*

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

	As at March 31, 2014	*As at March 31, 2013*
15. INVENTORIES		
(valued at lower of cost and net realisable value)		
Raw materials [Includes in transit: Rs. 122 Lakhs (Previous year: Rs. 1,194 Lakhs)]	17,470	*17,176*
Packing materials and bottles [Includes in transit: Rs. 435 Lakhs (Previous year: Rs. 236 Lakhs)]	5,002	*6,421*
Work-in-progress	18,229	*16,265*
Finished goods [Includes in transit: Rs. Nil (Previous year: Rs. 316 Lakhs)]*	8,808	*6,833*
Traded goods	57	*—*
Stores and spares [Includes in transit: Rs. 126 Lakhs (Previous year: Rs. 22 Lakhs)]	4,762	*4,568*
Total	**54,328**	*51,263*

*Net of provision for obsolete stock Rs. 50 Lakhs (Previous year: Rs. 55 Lakhs).

	As at March 31, 2014	*As at March 31, 2013*
16. TRADE RECEIVABLES		
Secured, considered good		
- Outstanding for a period exceeding six months from the date they are due for payment	613	*683*
- Others	8	*173*
	621	*856*
Unsecured, considered good		
- Outstanding for a period exceeding six months from the date they are due for payment	—	*—*
- Others	95,239	*80,474*
	95,239	*80,474*
Unsecured, considered doubtful		
- Outstanding for a period exceeding six months from the date they are due for payment	1,157	*1,021*
- Others	418	*192*
	1,575	*1,213*
Less: Provision for doubtful receivables	(1,575)	*(1,213)*
Total	**95,860**	*81,330*

	As at March 31, 2014	*As at March 31, 2013*
17. CASH AND BANK BALANCES		
Cash and cash equivalents		
Bank balances on current accounts [refer note (a) below]	4,098	3,809
Bank deposits with original maturity of 3 months or less	2,525	6,806
Cheques/drafts on hand	—	2
Cash on hand	24	27
	6,647	**10,644**
Other bank balances		
[refer note (b) below]		
Bank deposits with original maturity of:		
Less than 12 months but more than 3 months	7,515	12,542
Greater than 12 months	86	91
	7,601	**12,633**
Total	**14,248**	**23,277**

Notes:

a) Includes balance in unpaid dividend account Rs. 72 Lakhs (Previous year: Rs. 40 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, 2014	*As at March 31, 2013*
18. CAPITAL AND OTHER COMMITMENTS		
Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	10,065	13,845
Other contractual commitments	1,475	257
	11,540	**14,102**

The Company has signed an agreement dated April 22, 2014 to acquire the assets of Pacific Spirits Private Limited for an aggregate consideration of Rs.10,500 Lakhs, subject to fulfillment of certain conditions.

For commitments relating to lease arrangements, refer note 35.

	As at March 31, 2014	*As at March 31, 2013*
19. CONTINGENT LIABILITIES		
Bank guarantees	2,615	2,797
Letter of credit	1,386	1,529
Demands under appeal for following matters*		
- Income tax	13,181	12,441
- Service tax	34,437	13,800
- Water charges	3,317	3,086
- Sales tax	356	307
- Excise duty	66	66
- Employee state insurance/provident fund	16	16
Claims against the company not acknowledged as debts*	1,058	1,397
Total	**56,432**	**35,439**

*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.

	As at March 31, 2014	As at March 31, 2013
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	335	*288*
- Interest due on above	1	—
Total	**336**	*288*
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	—	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year.	34	*11*
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.	89	*55*

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.

	March 31, 2014	March 31, 2013
21. REVENUE FROM OPERATIONS		
Sale of products*	6,81,484	*6,20,683*
Sale of services**	504	*378*
Other operating revenue	44,196	*31,962*
Revenue from operations (gross)	**7,26,184**	*6,53,023*
Less: Excise duty	3,02,634	*2,62,709*
Revenue from operations (net)	**4,23,550**	*3,90,314*

* Includes sale of beer Rs. 6,76,697 Lakhs (Previous year: Rs. 6,17,522 Lakhs) and sale of malt Rs. 4,787 Lakhs (Previous year: Rs. 3,161 Lakhs).

** Royalty income

22. OTHER INCOME		
Interest income	169	*1,197*
Dividend income [Includes dividend from subsidiary company of Rs. Nil (Previous year: Rs. 5 Lakhs)]	—	*9*
Net gain on sale of fixed assets	11	—
Government grant	—	*167*
Liabilities no longer required written back	1,666	*1,557*
Provision for doubtful debts, no longer required written back	14	*496*
Provision for doubtful advances, no longer required written back	6	—
Other non-operating income	572	*496*
Total	**2,438**	*3,922*

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

	March 31, 2014	March 31, 2013
23. COST OF MATERIALS CONSUMED		
Raw materials		
Inventories at the beginning of the year	17,176	*11,070*
Add: Purchases	65,712	*67,639*
Less: Inventories at the end of the year	(17,470)	*(17,176)*
Consumption	**65,418**	*61,533*
Packing materials and bottles		
Inventories at the beginning of the year	6,421	*6,551*
Add: Purchases	1,05,735	*1,02,690*
Less: Inventories at the end of the year	(5,002)	*(6,421)*
Consumption	**1,07,154**	*1,02,820*
Total	**1,72,572**	*1,64,353*
24. PURCHASES OF TRADED GOODS		
Finished goods (Beer)	**3,360**	*3,504*
25. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Inventories at the beginning of the year		
Finished goods	6,888	*5,353*
Traded goods	—	*1*
Work-in-progress	16,265	*12,732*
	23,153	*18,086*
Less: Inventories at the end of the year		
Finished goods	8,858	*6,888*
Traded goods	57	—
Work-in-progress	18,229	*16,265*
	27,144	*23,153*
(Increase)/decrease in inventories	**(3,991)**	*(5,067)*
Increase/(decrease) in excise duty on inventories	**2,966**	*3,015*
Total	**(1,025)**	*(2,052)*
26. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	21,981	*20,923*
Gratuity expense [refer note (i) below]	1,334	*658*
Contribution to provident and other funds [refer note (ii) below]	1,282	*1,044*
Staff welfare expenses	1,481	*1,475*
Total	**26,078**	*24,100*

(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, 2014	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	2,869	*2,219*	4,951	*4,222*
Current service cost	223	*604*	1,357	*936*
Interest cost	222	*175*	490	*326*
Benefits paid	(368)	*(196)*	(392)	*(531)*
Actuarial (gain)/loss	1,070	*67*	250	*(2)*
Obligations at end of the year	**4,016**	*2,869*	**6,656**	*4,951*
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	2,353	*1,656*	5,303	*4,303*
Expected return on plan assets	220	*153*	490	*372*
Contributions during the year	1,004	*705*	1,357	*936*
Benefits paid	(368)	*(196)*	(392)	*(531)*
Actuarial gain/(loss)	(39)	*35*	7	*223*
Plan assets at end of the year	**3,170**	*2,353*	**6,765**	*5,303*
Actual return on plan assets	181	*188*	497	*594*
c) Benefit asset/(liability)				
Fair value of plan assets	3,170	*2,353*	6,765	*5,303*
Present value of the defined benefit obligations	4,016	*2,869*	6,656	*4,951*
Benefit asset/(liability)	**(846)**	*(516)*	**109**	*352*
d) Net employee benefit expense recognised in the employee cost				
Current service cost	223	*604*	1,357	*936*
Interest cost	222	*175*	490	*326*
Expected return on plan assets	(220)	*(153)*	(490)	*(372)*
Actuarial (gain)/loss	1,109	*32*	243	*(225)*
Net employee benefit expense*	**1,334**	*658*	**1,600**	*665*

*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, 2014	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*
e) Major category of plan assets as a percentage of fair value of total plan assets				
Government securities	—	—	46%	*44%*
Corporate bonds	—	—	54%	*56%*
Fund balance with insurance companies	100%	*100%*	—	—
Total	100%	*100%*	100%	*100%*

f) The principal assumptions used in determining gratuity and provident fund obligations for the Company plans are as shown below:

Discount rate	9.25%	*8.25%*	9.25%	*8.25%*
Estimated rate of return on plan assets	8.25%	*8.00%*	8.75 – 9.75%	*8.25%*
Salary increase rate	5.00%	*5.00%*	5.00%	*5.00%*
Employee turnover	5.00%	*5.00%*	5.00%	*5.00%*

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. 296 Lakhs (Previous year: Rs. 178 Lakhs) and Rs. 1,000 Lakhs (Previous year: Rs. 1,000 Lakhs) to gratuity and provident fund respectively in the next year.

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

	March 31, 2014	*March 31, 2013*	*March 31, 2012*	*March 31, 2011*	*March 31, 2010*
Gratuity					
Defined benefit obligation	4,016	*2,869*	*2,219*	*1,878*	*1,614*
Plan assets	3,170	*2,353*	*1,656*	*1,639*	*1,542*
Surplus/(deficit)	(846)	*(516)*	*(563)*	*(239)*	*(72)*
Experience adjustment on plan liabilities	1,254	*67*	*(20)*	*49*	*(3)*
Experience adjustment on plan assets	(70)	*35*	*(10)*	*(13)*	*(17)*
Provident fund**					
Defined benefit obligation	6,656	*4,951*	*4,222*		
Plan assets	6,765	*5,303*	*4,303*		
Surplus/(deficit)	109	*352*	*81*		
Experience adjustment on plan liabilities	250	*(2)*	*(4)*		
Experience adjustment on plan assets	7	*223*	*50*		

**The 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.

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

	March 31, 2014	*March 31, 2013*
Provident fund	863	649
Superannuation fund and national pension scheme	346	304
Employees state insurance fund	73	91
Total	**1,282**	**1,044**

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

		March 31, 2014		March 31, 2013
27. FINANCE COSTS				
Interest expense		7,820		*7,725*
Other borrowing costs		163		*264*
Total		**7,983**		*7,989*
28. OTHER EXPENSES				
Consumption of stores and spares		6,897		*7,145*
Power and fuel		14,449		*15,460*
Rent		1,993		*2,014*
Repairs and maintenance				
Plant and machinery		2,656		*2,104*
Buildings		438		*592*
Others		459		*384*
Insurance		539		*512*
Rates and taxes		5,231		*4,674*
Auditor remuneration				
Statutory audit fee	91		*78*	
Limited review fee	22		*20*	
Tax audit fee	15		*26*	
Others	36	164	*41*	*165*
Sales promotion expenses		67,863		*61,494*
Outward freight, halting and breakage expenses		24,797		*22,423*
Selling and distribution expenses		24,794		*22,850*
Bad debts/advances written off		29		*535*
Provision for doubtful debts		376		*977*
Provision for doubtful advances		52		*597*
Net loss on sale of fixed assets		—		*74*
Miscellaneous expenses		13,102		*10,773*
Total		**1,63,839**		*1,52,773*
29. CIF VALUE OF IMPORTS				
Raw materials and packing materials		4,785		*3,984*
Stores and spares		344		*240*
Capital goods		1,099		*1,385*
Total		**6,228**		*5,609*

	March 31, 2014	*March 31, 2013*
30. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)		
Royalty	78	*36*
Technical service fees	600	*600*
Sales promotion expenses	2,269	*2,030*
Professional expenses	156	*65*
Interest expense	1,671	*1,709*
Others	285	*497*
Total	**5,059**	*4,937*
31. DETAILS OF CONSUMPTION		
a) Details of materials consumed		
Malt	35,449	*35,014*
Brewing materials	18,831	*19,249*
Bottles	69,200	*67,097*
Packing materials	37,954	*35,723*
Others	11,138	*7,270*
Total	**1,72,572**	*1,64,353*

	March 31, 2014		*March 31, 2013*	
	%	Rs. in Lakhs	*%*	*Rs. in Lakhs*
b) Imported and indigenous materials consumed				
Raw materials				
Imported	5%	3,462	*5%*	*3,270*
Indigenous	95%	61,956	*95%*	*58,263*
Total	**100%**	**65,418**	*100%*	*61,533*
Packing materials				
Imported	2%	2,340	*2%*	*2,206*
Indigenous	98%	1,04,814	*98%*	*1,00,614*
Total	**100%**	**1,07,154**	*100%*	*1,02,820*
Stores and spares				
Imported	2%	168	*5%*	*160*
Indigenous	98%	6,729	*95%*	*6,985*
Total	**100%**	**6,897**	*100%*	*7,145*

	March 31, 2014	*March 31, 2013*
32. NET DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Period to which it relates to	2012-13	*2011-12*
Number of non-resident shareholders	5	*5*
Number of equity shares held on which dividend was due	12,02,90,664	*11,18,01,394*
Number of preference shares held on which dividend was due	74,07,000	*2,46,90,000*
Amount remitted (in equivalent Indian Rupees in Lakhs)	1,064	*1,025*
33. EARNINGS IN FOREIGN CURRENCY (accrual basis)		
Sale of services	**271**	*200*

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

	March 31, 2014	March 31, 2013
34. EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computation:		
Profit after tax	22,561	*17,221*
Less: Dividend on preferential shares (including dividend distribution tax thereon)	(260)	*(260)*
Net profit attributable to equity shareholders	**22,301**	*16,961*
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)	**8.43**	*6.41*

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. 1,993 Lakhs (Previous year: Rs. 2,014 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2014	March 31, 2013
Within one year	674	*663*
After one year but not more than five years	1,077	*1,826*
More than five years	—	*—*
Total	**1,751**	*2,489*

36. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Derivatives outstanding as at the reporting date

Particulars	Purpose	Currency	March 31, 2014 Foreign currency (in millions)	March 31, 2014 Rs. in Lakhs	*March 31, 2013 Foreign currency (in millions)*	*March 31, 2013 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	*135.00*	*69,934*
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	USD	135.00	69,934	*135.00*	*69,934*

*Amount disclosed represents the underlying principal amount of loan.

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

	March 31, 2014	March 31, 2013
Trade payables	1,059	*1,514*
Liability for capital goods	13	*392*
Advances to suppliers	370	*145*
Capital advances	499	*520*

37. AMALGAMATION ACCOUNTING

a) 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 had 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 had become effective and accordingly, the Company had given effect to the merger in the previous year financial statements with effect from April 1, 2012.

In terms of the scheme, the amalgamation had 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 had 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 had 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 had been cancelled and the corresponding issued, subscribed and paid up equity share capital of the Company had been reduced by Rs. 85 Lakhs representing 8,489,270 equity shares of Re. 1 each. Also, other inter-company balances and transactions had been cancelled.

(iii) 84,89,270 fully paid up equity share of Re. 1 each of the Company had 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 had 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, had 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 had followed aforesaid treatment as stated in (iv) and (v) above, which was as per the approved scheme.

b) 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. Effective April 1, 2014, the name of CBPL has been changed in the statutory records.

38. Tax expense for the year ended March 31, 2014 is net of reversal of Rs. Nil (Previous year: 1,733 Lakhs) and Rs. Nil (Previous year: Rs. 809 Lakhs) 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, 2014	*March 31, 2013*
Salaries, wages and bonus	—	*128*
Power and fuel	—	*35*
Interest expenses (net)	128	*554*
Other expenses	—	*102*
Total	**128**	*819*

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

(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:

	Subsidiary		Associate		Enterprises having significant influence		KMP & Relative of KMP		Enterprises over which investing parties or KMP have significant influence	
	March 31, 2014	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*
a) Transactions during the year										
Sale of products										
UBHL	—	—	—	—	**421**	*902*	—	—	—	—
Purchase of raw materials										
HUL	—	—	—	—	—	—	—	—	**4**	*4*
HSCBV	—	—	—	—	—	—	—	—	**5**	*4*
Processing charges paid	**1,704**	*1,385*	—	—	—	—	—	—	—	—
Sales promotion expenses										
KEBFTPL	—	—	**1,022**	*1,051*	—	—	—	—	—	—
Force India	—	—	—	—	—	—	—	—	**1,799**	*1,899*
Others	—	—	—	—	—	*6*	—	—	**21**	*11*
Rent expense										
UBHL	—	—	—	—	**97**	*72*	—	—	—	—
Mrs. Suparna Ganguly	—	—	—	—	—	—	**44**	*33*	—	—
Technical service fees										
HIBV	—	—	—	—	—	—	—	—	**600**	*600*
Royalty paid										
UBHL	—	—	—	—	**674**	*674*	—	—	—	—
HBBV	—	—	—	—	—	—	—	—	**78**	*36*
Consultancy fees										
HSCBV	—	—	—	—	—	—	—	—	**108**	*65*
HIBV	—	—	—	—	—	—	—	—	**27**	—
HBBV	—	—	—	—	—	—	—	—	**19**	—
Reimbursements received										
UBHL	—	—	—	—	**5**	*1*	—	—	—	—
Reimbursements paid										
MML	**32**	*36*	—	—	—	—	—	—	—	—
HIBV	—	—	—	—	—	—	—	—	**172**	*217*
UBHL	—	—	—	—	**25**	*10*	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	*18*
Interest paid	**31**	*26*	—	—	—	—	—	—	—	—
Remuneration paid										
Mr. Kalyan Ganguly	—	—	—	—	—	—	**581**	*493*	—	—
Mr. Henricus Petrus van Zon	—	—	—	—	—	—	**491**	*126*	—	—
Mr. Guido de Boer	—	—	—	—	—	—	—	*205*	—	—

(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, 2014	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*
Issue of equity shares [refer note 37(a)]										
HUL	—	—	—	—	—	—	—	—	—	85
Dividend paid on preference shares										
SNIL	—	—	—	—	**222**	222	—	—	—	—
Proposed dividend on equity shares										
SNIL	—	—	—	—	**630**	630	—	—	—	—
Dividend received	—	5	—	—	—	—	—	—	—	—
b) Balances outstanding as at year end										
Preference share capital										
SNIL	—	—	—	—	**7,407**	7,407	—	—	—	—
Security deposits (liability)										
MML	**(206)**	(178)	—	—	—	—	—	—	—	—
Trade payables										
UBHL	—	—	—	—	**(38)**	(162)	—	—	—	—
HIBV	—	—	—	—	—	—	—	—	**(616)**	(666)
MML	**(29)**	—	—	—	—	—	—	—	—	—
Others	—	—	**(37)**	(33)	—	—	—	—	**(21)**	(32)
Investment in equity shares	**4,500**	4,500	**1**	1	—	—	—	—	—	—
Provision for diminution in value of investments	**(1,959)**	(1,959)	—	—	—	—	—	—	—	—
Trade receivables										
UBHL	—	—	—	—	**126**	187	—	—	—	—
Security deposits										
UBHL	—	—	—	—	**2,009**	2,009	—	—	—	—
Mrs. Suparna Ganguly	—	—	—	—	—	—	**37**	34	—	—
Advances										
MML	—	67	—	—	—	—	—	—	—	—
Prepaid expenses										
Force India	—	—	—	—	—	—	—	—	**2,033**	—

Fixed assets with gross block of Rs. 112 Lakhs (Previous year : Rs. 112 Lakhs) are lying with MML.

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 previous year's figures have been regrouped where necessary to conform to this year's classification. Further in view of the amalgamation described in note 37(a) 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

Bengaluru, May 27, 2014

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

London, May 27, 2014

STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956 AS AT MARCH 31, 2014

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 31.03.2014	For previous Financial Years of Subsidiary since it became a Subsidiary	For Subsidiary's Financial Year ended 31.03.2014	For previous Financial Years of Subsidiary since it became a Subsidiary
1.	Maltex Malsters Limited	22,950	—	51%	—	79.84	47	—	—

DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT

Rupees in Lakhs

Name of the Company	Amount outstanding as at March 31, 2014	Value of investments as at March 31, 2014	Terms
Subsidiaries: Maltex Malsters Limited	(235)	2,541	—
Associates: Kingfisher East Bengal Football Team Private Limited (Formally known as United East Bengal Football Team Private Limited)	(37)	1	—

Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors of United Breweries Limited

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, 2014, 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 judgement, 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;

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.

Other Matter

We did not audit total assets of Rs. 291 Lakhs as at March 31, 2014, total revenues of Rs. 128 Lakhs and net cash outflows amounting to Rs. 25 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: Bengaluru
Date: May 27, 2014

Consolidated Balance Sheet as at March 31, 2014

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

	Notes	As at March 31, 2014	*As at March 31, 2013*
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,051	*10,051*
Reserves and surplus	4	1,60,611	*1,41,064*
		1,70,662	*1,51,115*
Minority interest		**188**	*164*
Non-current liabilities			
Long-term borrowings	5	52,758	*74,320*
Deferred tax liabilities (net)	6	7,948	*7,451*
Long-term provisions	7	550	*338*
		61,256	*82,109*
Current liabilities			
Short-term borrowings	8	48,891	*55,693*
Trade payables	9	20,965	*25,003*
Other current liabilities	10	78,564	*52,065*
Short-term provisions	7	9,227	*7,861*
		1,57,647	*1,40,622*
Total		**3,89,753**	*3,74,010*
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,58,606	*1,57,475*
Intangible assets	11	2,183	*2,023*
Capital work-in-progress		8,227	*11,398*
Goodwill on consolidation	36	2,421	*2,421*
Non-current investments	12	6	*6*
Long-term loans and advances	13	17,463	*13,919*
Other non-current assets	14	564	*630*
		1,89,470	*1,87,872*
Current assets			
Inventories	15	54,414	*51,358*
Trade receivables	16	95,861	*81,342*
Cash and bank balances	17	14,254	*23,308*
Short-term loans and advances	13	35,634	*29,545*
Other current assets	14	120	*585*
		2,00,283	*1,86,138*
Total		**3,89,753**	*3,74,010*
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

Bengaluru, May 27, 2014

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

London, May 27, 2014

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

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

	Notes	March 31, 2014	*March 31, 2013*
INCOME			
Revenue from operations (gross)	21	7,26,312	*6,53,138*
Less: Excise duty		3,03,346	*2,63,264*
Revenue from operations (net)		4,22,966	*3,89,874*
Other income	22	2,443	*3,918*
Total		**4,25,409**	*3,93,792*
EXPENSES			
Cost of materials consumed	23	1,70,868	*1,62,968*
Purchases of traded goods	24	3,360	*3,504*
(Increase)/decrease in inventories of finished goods, work-in-progress and traded goods	25	(1,023)	*(2,059)*
Employee benefits expense	26	26,414	*24,418*
Depreciation and amortisation expense	11	19,782	*17,041*
Finance costs	27	7,953	*7,964*
Other expenses	28	1,64,541	*1,53,353*
Total		**3,91,895**	*3,67,189*
Profit before tax		**33,514**	*26,603*
Tax expenses (refer note 33)			
Current tax		10,376	*7,029*
Deferred tax charge		497	*2,314*
Total tax expenses		**10,873**	*9,343*
Profit after tax but before minority interest		**22,641**	*17,260*
Minority interest [includes Rs. Nil (Previous year: 26 Lakhs) for earlier years]		39	*49*
Profit for the year		**22,602**	*17,211*
Earnings per equity share in Rs. [nominal value per share Re.1 (Previous year: Re.1)]	29		
Basic		8.45	*6.41*
Diluted		8.45	*6.41*
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 and on behalf of the Board of Directors of United Breweries Limited

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

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

per Mahendra Jain
Partner
Membership Number: 205839

Govind Iyengar
Company Secretary

Bengaluru, May 27, 2014

London, May 27, 2014

Consolidated Cash Flow Statement for the year ended March 31, 2014

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

		Notes	March 31, 2014		March 31, 2013	
A	**Cash flow from operating activities**					
	Profit before tax			33,514		*26,603*
	Adjustments for:					
	Depreciation and amortisation expense		19,782		*17,041*	
	Bad debts/advances written off		32		*535*	
	Provision for doubtful debts		376		*977*	
	Provision for doubtful advances		52		*597*	
	Net (gain)/loss on sale of fixed assets		(11)		*68*	
	Liabilities no longer required written back		(1,667)		*(1,557)*	
	Provision for doubtful debts, no longer required written back		(14)		*(496)*	
	Provision for doubtful advances, no longer required written back		(6)		*—*	
	Merger expenses [refer note 32(a)]		—		*(687)*	
	Interest expenses		7,789		*7,699*	
	Interest income		(169)		*(1,197)*	
	Dividend income		—	26,164	*(4)*	*22,976*
	Operating profits before working capital changes			**59,678**		*49,579*
	Movement in working capital:					
	Increase/(decrease) in trade payables		(2,386)		*(11,815)*	
	Increase/(decrease) in other current liabilities and provisions		8,071		*8,898*	
	(Increase)/decrease in inventories		(3,056)		*(11,291)*	
	(Increase)/decrease in trade receivables		(14,884)		*(12,236)*	
	(Increase)/decrease in loans and advances		(8,699)		*(313)*	
	(Increase)/decrease in other assets		293	(20,661)	*(164)*	*(26,921)*
	Cash generated from operations			**39,017**		*22,658*
	Direct taxes paid (net of refund)			(10,063)		*(7,439)*
	Net cash flow from operating activities (A)			**28,954**		*15,219*
B	**Cash flow from investing activities**					
	Purchase of fixed assets including capital work-in-progress and capital advances			(21,214)		*(38,013)*
	Proceeds from sale of fixed assets			18		*197*
	Investments in bank deposits (having original maturity of more than three months)			(247)		*(12,122)*
	Redemption/maturity of bank deposits (having original maturity of more than three months)			5,345		*—*
	Interest received			340		*6,767*
	Dividend received			—		*4*
	Net cash used in investing activities (B)			**(15,758)**		*(43,167)*

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

		Notes	March 31, 2014	March 31, 2013
C	**Cash flow from financing activities**			
	Proceeds from long term borrowings		6	*34,124*
	Repayment of long term borrowings		(84)	*(3,858)*
	Proceeds from/(repayment of) short term borrowings (net)		(6,802)	*668*
	Interest paid		(7,950)	*(7,365)*
	Dividend paid (including dividend distribution tax)		(2,388)	*(2,442)*
	Net cash flow from/(used in) financing activities (C)		**(17,218)**	*21,127*
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(4,022)**	*(6,821)*
	Cash and cash equivalents at the beginning of the year		10,675	*17,082*
	Cash and cash equivalents of transferor company at the beginning of the year [refer note 32(a)]		—	*414*
	Cash and cash equivalents at the end of the year		**6,653**	*10,675*
	Components of cash and cash equivalents			
	Cash on hand		25	*28*
	Cheques/drafts on hand		—	*2*
	Bank balances on current accounts*		4,103	*3,839*
	Bank balances on deposit accounts		2,525	*6,806*
	Total cash and cash equivalents		**6,653**	*10,675*
	Summary of significant accounting policies	2.1		

*Includes Rs. 73 Lakhs (Previous Year: Rs. 41 Lakhs) towards unpaid dividend accounts which can be utilised only towards settlement of unpaid dividends.

As per our report of even date

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

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

Kalyan Ganguly
Managing Director

Henricus Petrus van Zon
Director, CFO

per Mahendra Jain
Partner
Membership Number: 205839

Govind Iyengar
Company Secretary

Bengaluru, May 27, 2014

London, May 27, 2014

Notes to Consolidated Financial Statements for the year ended March 31, 2014

(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 Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs 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 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 under the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. 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, 2014.

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, 2014	*% of Ownership Interest as at March 31, 2013*
Maltex Malsters Limited ('MML')	Subsidiary	India	51%	*51%*
Kingfisher East Bengal Football Team Private Limited (Formerly United East Bengal Football Team Private Limited) ('KEBFTPL')*	Associate	India	49.99%	*49.99%*

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

The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

(a) Change in accounting policy

Effective April 1, 2013, the Company has changed the basis of determining cost for the purpose of valuation of inventories from First-in-First-out (FIFO) basis to weighted average basis. The Company's management believes that the new method of accounting for inventory is preferable because weighted average method better reflects the current value of inventories.

Had the Company continued to use the earlier method of inventory valuation, the inventories as at March 31, 2014 would have been higher by Rs.72 Lakhs, cost of materials consumed would have been lower by Rs.72 Lakhs and consequently profit before tax would have been higher by Rs.72 Lakhs.

(b) 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.

(c) Tangible fixed assets

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

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

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

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

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

(d) 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:

(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.

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of addition.

Leasehold land is amortized on a straight line basis over the period of lease i.e. 95-99 years. Leasehold improvements are amortized over the lower of useful life of the asset and the remaining period of the lease.

(e) 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%

(f) 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.

(g) 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.

(h) Impairment of tangible and intangible assets

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

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

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

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

(i) 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.

(j) 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.

(k) Inventories

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

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

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

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

(l) Revenue recognition

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

Sale of products

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

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

Sale of services

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

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.

(m) 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).

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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, 2014	*As at March 31, 2013*
3. SHARE CAPITAL		
Authorised shares		
4,12,98,00,000 (Previous year: 4,12,98,00,000) equity shares of Re. 1 each	41,298	*41,298*
5,86,00,000 (Previous year: 5,86,00,000) preference shares of Rs. 100 each	58,600	*58,600*
	99,898	*99,898*
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, 2014		*As at March 31, 2013*	
	Nos.	Rs. in Lakhs	*Nos.*	*Rs. in Lakhs*
Equity shares				
At the beginning of the year	26,44,05,149	2,644	*26,44,05,149*	*2,644*
Cancelled during the year on amalgamation*	—	—	*(84,89,270)*	*(85)*
Issued during the year on amalgamation				
Heineken UK Limited in lieu of equity shares of Scottish and Newcastle India Private Limited*	—	—	*84,89,270*	*85*
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(a)].

	As at March 31, 2014		*As at March 31, 2013*	
	Nos.	Rs. in Lakhs	*Nos.*	*Rs. in Lakhs*
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, 2014, the amount of dividend recognised as distributions to equity shareholders is Rs. 2,388 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.

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

c) Terms of redemption of preference shares

74,07,000, 3% cumulative redeemable preference shares-Series B of Rs. 100 each were issued in April 2005 to Scottish & Newcastle India Limited. The preference shares 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, 2014**		*As at March 31, 2013*	
	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.

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

	As at March 31, 2014	As at March 31, 2013
4. RESERVES AND SURPLUS		
Capital reserve		
Balance as per last financial statements	—	1,286
Less: Deductions on amalgamations [refer note 32(a)]	—	(1,286)
Closing balance	**—**	—
Capital redemption reserve		
Balance as per last financial statements	17,283	—
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**	17,283
Capital redemption reserve had been created in respect of 3% cumulative redeemable preference shares-Series A, redeemed during the year ended March 31, 2012.		
Securities premium account		
Balance as per last financial statements	62,938	65,218
Add: Additions on amalgamations [refer note 32(a)]	—	16,523
Less: Deductions on amalgamations [refer note 32(a)]	—	(18,803)
Closing balance	**62,938**	62,938
General reserve		
Balance as per last financial statements	17,293	19,762
Add: Transfer from statement of profit and loss	2,284	1,731
Less: Transfer to Capital redemption reserve	—	(4,200)
Closing balance	**19,577**	17,293
Surplus in the statement of profit and loss		
Balance as per last financial statements	43,550	40,258
Add: Additions on amalgamation [refer note 32(a)]	—	3,326
Add: Profit for the year	22,602	17,211
Less: Appropriations		
Proposed final equity dividend [amount per share Re. 0.90 (Previous year: Re. 0.70)]	(2,388)	(1,855)
Tax on proposed equity dividend	(407)	(316)
Dividend on preference shares [amount per share Rs. 3 (Previous Year: Rs. 3)]	(222)	(222)
Tax on preference dividend	(38)	(38)
Transfer to general reserve	(2,284)	(1,731)
Transfer to capital redemption reserve	—	(13,083)
Closing balance	**60,813**	43,550
Total reserves and surplus	**1,60,611**	1,41,064

5. LONG-TERM BORROWINGS

	Non-current portion		Current portion	
	As at March 31, 2014	*As at March 31, 2013*	**As at March 31, 2014**	*As at March 31, 2013*
Secured borrowings				
Foreign currency term loans				
External commercial borrowing from banks	48,594	*59,134*	10,540	—
Term loan from bank	—	*10,800*	10,800	—
Indian currency term loan	4	—	2	—
	48,598	*69,934*	**21,342**	—
Unsecured borrowings				
Deferred payment liabilities	4,160	*4,386*	225	*84*
	4,160	*4,386*	**225**	*84*
Amount disclosed under the head "Other current liabilities" (refer note 10)	—	—	(21,567)	*(84)*
Total	**52,758**	*74,320*	**—**	—

Secured borrowings

Nature of security	Repayment and other terms
Foreign currency term loans	
DBS Bank Ltd: Rs. 24,643 Lakhs (Previous year: Rs. 24,643 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.10,540 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.13,306 Lakhs) 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.10,645 Lakhs) 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. 10,800 Lakhs) secured by pari-passu charge on all movable and immovable fixed assets of the Company other than assets of Taloja unit.	Repayable after 24 months from the date of drawal i.e., on February 25, 2015. The loan carries interest of 9.5% per annum payable on monthly basis.
Indian currency term loan	
NBFC: Rs. 6 Lakhs (Previous year: Rs. Nil) secured by hypothecation of vehicle.	Repayable in 36 equated monthly instalments from the date of availment of loan i.e. December 11, 2013.

Unsecured borrowings

Deferred payment liability of Rs. 4,385 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, 2014	*As at March 31, 2013*
6. DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	10,089	9,084
Gross deferred tax liability	**10,089**	**9,084**
Deferred tax asset		
Provision for doubtful debts and advances	787	648
Provision for gratuity and compensated absences	759	548
Other provisions	595	437
Gross deferred tax asset	**2,141**	**1,633**
Net deferred tax liability	**7,948**	**7,451**

7. PROVISIONS

	Long-term		**Short-term**	
	As at March 31, 2014	*As at March 31, 2013*	**As at March 31, 2014**	*As at March 31, 2013*
Provision for employee benefits				
Gratuity	550	*338*	296	*178*
Compensated absences	—	—	1,388	*1,095*
	550	*338*	**1,684**	*1,273*
Other provisions				
Provision for proposed dividend and tax thereon	—	—	3,065	*2,430*
Provision for local area development tax	—	—	520	*476*
Provision for customs duty	—	—	167	*167*
Provision for litigations	—	—	1,084	*808*
Provision for claims	—	—	2,707	*2,707*
	—	—	**7,543**	*6,588*
Total	**550**	*338*	**9,227**	*7,861*

	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	476	44	—	—	520
	(406)	(70)	(—)	(—)	(476)
Provision for customs duty	167	—	—	—	167
	(167)	(—)	(—)	(—)	(167)
Provision for litigations	808	276	—	—	1,084
	(506)	(302)	(—)	(—)	(808)
Provision for claims	2707	—	—	—	2,707
	(—)	(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.

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

	As at March 31, 2014	*As at March 31, 2013*
8. SHORT-TERM BORROWINGS		
Secured borrowings		
Indian currency cash credit from banks	10,389	*13,802*
Indian currency working capital demand loans from banks	17,500	*23,500*
	27,889	*37,302*
Unsecured borrowings		
Indian currency short-term loans from banks	21,000	*12,500*
Indian currency bank overdraft	2	*1,967*
Foreign currency buyer's credit from bank	—	*3,924*
	21,002	*18,391*
Total	**48,891**	*55,693*

Secured borrowings

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 9.10% 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 were repayable on demand and carried interest in the range of 9.92% to 10.05% p.a.

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

	As at March 31, 2014	*As at March 31, 2013*
9. TRADE PAYABLES		
Acceptances	199	*2,478*
Trade payables (refer note 20)	20,766	*22,525*
Total	**20,965**	*25,003*
10. OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (refer note 5)	21,567	*84*
Liability for capital goods	2,119	*4,102*
Interest accrued but not due on borrowings	799	*960*
Security deposits	1,717	*1,880*
Unpaid dividends*	73	*41*
Statutory dues payable	11,853	*11,819*
Advances from customers	1,844	*737*
Advances from commission agents	2,140	*2,718*
Salaries and bonus payable	2,581	*1,159*
Other expenses payable	33,871	*28,565*
Total	**78,564**	*52,065*

*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, 2013	Additions	Deletions / adjustments	As at March 31, 2014	*As at April 1, 2013*	On Deletions	For the year	As at March 31, 2014	As at March 31, 2014	*As at March 31, 2013*
Tangible assets										
Freehold land (refer note a)	*20,064*	3	—	20,067	—	—	—	—	20,067	*20,064*
Leasehold land	*3,795*	186	—	3,981	*454*	—	42	496	3,485	*3,341*
Buildings (refer note b)	*44,151*	2,050	—	46,201	*7,705*	—	1,408	9,113	37,088	*36,446*
Leasehold improvements	*64*	—	—	64	*64*	—	—	64	—	—
Plant and machinery (refer note b)	*1,66,941*	16,419	99	1,83,261	*73,826*	99	16,402	90,129	93,132	*93,115*
Office equipments	*1,024*	44	4	1,064	*504*	4	96	596	468	*520*
Computers	*829*	415	17	1,227	*601*	16	121	706	521	*228*
Furniture and fixtures	*6,572*	966	44	7,494	*4,769*	38	880	5,611	1,883	*1,803*
Laboratory equipments	*2,235*	271	—	2,506	*753*	—	245	998	1,508	*1,482*
Vehicles	*923*	55	—	978	*447*	—	77	524	454	*476*
Total	***2,46,598***	**20,409**	**164**	**2,66,843**	***89,123***	**157**	**19,271**	**1,08,237**	**1,58,606**	***1,57,475***
Previous year	*1,93,284*	54,353	1,039	2,46,598	*73,334*	774	16,563	89,123	1,57,475	
Intangible assets										
Goodwill	*6,543*	—	—	6,543	*6,543*	—	—	6,543	—	—
Licenses and rights	*6,845*	671	—	7,516	*4,823*	—	510	5,333	2,183	*2,022*
Brands	*631*	—	—	631	*630*	—	1	631	—	*1*
Total	***14,019***	**671**	**—**	**14,690**	***11,996***	**—**	**511**	**12,507**	**2,183**	***2,023***
Previous year	*13,550*	469	—	14,019	*11,518*	—	478	11,996	2,023	
Grand Total	***2,60,617***	**21,080**	**164**	**2,81,533**	***1,01,119***	**157**	**19,782**	**1,20,744**	**1,60,789**	***1,59,498***
Previous year	*2,06,834*	54,822	1,039	2,60,617	*84,852*	774	17,041	1,01,119	1,59,498	

Notes:

a) 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.

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

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

	As at March 31, 2014		As at March 31, 2013	
12. NON-CURRENT INVESTMENTS (unquoted, valued at cost unless otherwise stated)				
Trade investments				
Equity instruments				
Investment in associate				
Kingfisher East Bengal Football Team Private Limited (Formerly 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 Zoroastrian Co-operative Bank Limited [2,000 (Previous year: 2,000) equity shares of Rs. 25 each]		1		*1*
SAB Miller India Limited (Formerly Skol Breweries Limited) [300 (Previous year: 300) equity shares of Rs. 10 each]*		0		*0*
Castle Breweries Limited (Formerly Jupiter Breweries Industries Limited) [50 (Previous year: 50) equity shares of Rs. 10 each]*		0		*0*
Mohan Meakin Limited [100 (Previous year: 100) equity shares of Rs. 5 each]*		0		*0*
Blossom Industries Limited [100 (Previous year: 100) equity shares of Rs. 3 each]*		0		*0*
The Cosmos Co-operative Bank Limited [1,000 (Previous year: 1,000) equity shares of Rs. 100 each]		1		*1*
In Government securities				
National savings certificate	18		*18*	
Less: Provision for diminution in value of investments	(15)	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*

13. LOANS AND ADVANCES

	Long-term		Short-term	
	As at March 31, 2014	*As at March 31, 2013*	**As at March 31, 2014**	*As at March 31, 2013*
Unsecured, considered good				
Capital advances	3,994	*2,672*	—	—
Security deposits	3,630	*3,938*	1,354	*761*
Advance to suppliers	2,649	*2,431*	1,415	*3,380*
Prepaid expenses	131	*182*	5,252	*2,957*
Balance with statutory/government authorities	182	*228*	27,035	*18,999*
Other loans and advances				
Advance income tax (net of provision)	6,797	*4,214*	—	—
MAT credit entitlement (refer note 33)	—	—	—	*2,896*
Other advances recoverable in cash or kind	80	*254*	578	*552*
Total	**17,463**	*13,919*	**35,634**	*29,545*
Unsecured, considered doubtful				
Capital advances	74	*51*	—	—
Security deposits	15	*6*	—	—
Advance to suppliers	55	—	—	*41*
Advance to Star Investments Private Limited*	597	—	—	*597*
Provision for doubtful advances	(741)	*(57)*	—	*(638)*
Total	**17,463**	*13,919*	**35,634**	*29,545*

*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 previous year, the amount had been repaid and the remaining unpaid interest thereon of Rs. 597 Lakhs, outstanding as at the year end, had been fully provided for.

14. OTHER ASSETS

	Non-current		Current	
	As at March 31, 2014	*As at March 31, 2013*	**As at March 31, 2014**	*As at March 31, 2013*
Unsecured, considered good				
Bank deposits with original maturity of more than 12 months	7	*9*	—	—
Margin money deposits towards bank guarantees	100	*164*	—	—
Interest accrued on fixed deposits, loans and advances	—	—	120	*291*
Government grant receivable	457	*457*	—	*294*
Total	**564**	*630*	**120**	*585*

	As at March 31, 2014	As at March 31, 2013
15. INVENTORIES		
(valued at lower of cost and net realisable value)		
Raw materials [Includes in transit: Rs. 122 Lakhs (Previous year: Rs. 1,194 Lakhs)]	17,470	17,176
Packing materials and bottles [Includes in transit: Rs. 435 Lakhs (Previous year: Rs. 236 Lakhs)]	5,002	6,421
Work-in-progress	18,234	16,272
Finished goods [Includes in transit: Rs. Nil (Previous year: Rs. 316 Lakhs)]*	8,808	6,833
Traded goods	57	—
Stores and spares [Includes in transit: Rs. 126 Lakhs (Previous year: Rs. 22 Lakhs)]	4,843	4,656
Total	**54,414**	51,358

*Net of provision for obsolete stock Rs. 50 Lakhs (Previous year: Rs. 55 Lakhs).

	As at March 31, 2014	As at March 31, 2013
16. TRADE RECEIVABLES		
Secured, considered good		
- Outstanding for a period exceeding six months from the date they are due for payment	613	683
- Others	8	173
	621	856
Unsecured, considered good		
- Outstanding for a period exceeding six months from the date they are due for payment	1	12
- Others	95,239	80,474
	95,240	80,486
Unsecured, considered doubtful		
- Outstanding for a period exceeding six months from the date they are due for payment	1,157	1,021
- Others	418	192
	1,575	1,213
Less: Provision for doubtful receivables	(1,575)	(1,213)
Total	**95,861**	81,342

	As at March 31, 2014	As at March 31, 2013
17. CASH AND BANK BALANCES		
Cash and cash equivalents		
Bank balances on current accounts [refer note (a) below]	4,103	3,839
Bank deposits with original maturity of 3 months or less	2,525	6,806
Cheques/drafts on hand	—	2
Cash on hand	25	28
	6,653	10,675
Other bank balances [refer note (b) below]		
Bank deposits with original maturity of:		
Less than 12 months but more than 3 months	7,515	12,542
Greater than 12 months	86	91
	7,601	12,633
Total	**14,254**	23,308

Notes:

a) Includes balance in unpaid dividend account Rs. 73 Lakhs (Previous year: Rs. 41 Lakhs).

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

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

	As at March 31, 2014	As at March 31, 2013
18. CAPITAL AND OTHER COMMITMENTS		
Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	10,065	*13,845*
Other contractual commitments	1,475	*257*
	11,540	*14,102*

The Company has signed an agreement dated April 22, 2014 to acquire the assets of Pacific Spirits Private Limited for an aggregate consideration of Rs. 10,500 Lakhs, subject to fulfillment of certain conditions.

For commitments relating to lease arrangements, refer note 30.

	As at March 31, 2014	As at March 31, 2013
19. CONTINGENT LIABILITIES		
Bank guarantees	2,615	*2,797*
Letter of credit	1,386	*1,529*
Demands under appeal for following matters*		
- Income tax	13,308	*12,542*
- Service tax	34,454	*13,817*
- Water charges	3,317	*3,086*
- Sales tax	356	*307*
- Excise duty/customs duty	147	*147*
- Employee state insurance/provident fund	16	*16*
Claims against the company not acknowledged as debts*	1,058	*1,397*
Total	**56,657**	*35,638*

*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.

	As at March 31, 2014	As at March 31, 2013
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	335	*288*
- Interest due on above	1	*—*
Total	**336**	*288*
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	*—*
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	—	*—*
The amount of interest accrued and remaining unpaid at the end of each accounting year	34	*11*
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.	89	*55*

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.

	March 31, 2014	March 31, 2013
21. REVENUE FROM OPERATIONS		
Sale of products*	6,81,602	*6,20,785*
Sale of services**	504	*378*
Other operating revenue	44,206	*31,975*
Revenue from operations (gross)	**7,26,312**	*6,53,138*
Less: Excise duty	3,03,346	*2,63,264*
Revenue from operations (net)	**4,22,966**	*3,89,874*

* Includes sale of beer Rs. 6,76,697 Lakhs (Previous year: Rs. 6,17,522 Lakhs) and sale of malt, etc. Rs. 4,905 Lakhs (Previous year: Rs. 3,263 Lakhs).

** Royalty income

	March 31, 2014	March 31, 2013
22. OTHER INCOME		
Interest income	169	*1,197*
Dividend income	—	*4*
Net gain on sale of fixed assets	11	—
Government grant	—	*167*
Liabilities no longer required written back	1,667	*1,557*
Provision for doubtful debts, no longer required written back	14	*496*
Provision for doubtful advances, no longer required written back	6	—
Other non-operating income	576	*497*
Total	**2,443**	*3,918*

	March 31, 2014	March 31, 2013
23. COST OF MATERIALS CONSUMED		
Raw materials		
Inventories at the beginning of the year	17,176	*11,070*
Add: Purchases	64,008	*66,254*
Less: Inventories at the end of the year	(17,470)	*(17,176)*
Consumption	**63,714**	*60,148*
Packing materials and bottles		
Inventories at the beginning of the year	6,421	*6,551*
Add: Purchases	1,05,735	*1,02,690*
Less: Inventories at the end of the year	(5,002)	*(6,421)*
Consumption	**1,07,154**	*1,02,820*
Total	**1,70,868**	*1,62,968*

	March 31, 2014	March 31, 2013
24. PURCHASES OF TRADED GOODS		
Finished goods (Beer)	**3,360**	*3,504*

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

	March 31, 2014	March 31, 2013
25. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Inventories at the beginning of the year		
Finished goods	6,888	*5,353*
Traded goods	—	*1*
Work-in-progress	16,272	*12,732*
	23,160	*18,086*
Less: Inventories at the end of the year		
Finished goods	8,858	*6,888*
Traded goods	57	—
Work-in-progress	18,234	*16,272*
	27,149	*23,160*
(Increase)/decrease in inventories	**(3,989)**	*(5,074)*
Increase/(decrease) in excise duty on inventories	**2,966**	*3,015*
Total	**(1,023)**	*(2,059)*

	March 31, 2014	March 31, 2013
26. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	22,295	*21,218*
Gratuity expense [refer note (i) below]	1,334	*658*
Contribution to provident and other funds [refer note (ii) below]	1,299	*1,062*
Staff welfare expenses	1,486	*1,480*
Total	**26,414**	*24,418*

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

	Gratuity		Provident fund	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	2,869	*2,219*	4,951	*4,222*
Current service cost	223	*604*	1,357	*936*
Interest cost	222	*175*	490	*326*
Benefits paid	(368)	*(196)*	(392)	*(531)*
Actuarial (gain)/loss	1,070	*67*	250	*(2)*
Obligations at end of the year	**4,016**	*2,869*	**6,656**	*4,951*

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

	Gratuity		Provident fund	
	March 31, 2014	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	2,353	*1,656*	5,303	*4,303*
Expected return on plan assets	220	*153*	490	*372*
Contributions during the year	1,004	*705*	1,357	*936*
Benefits paid	(368)	*(196)*	(392)	*(531)*
Actuarial gain/(loss)	(39)	*35*	7	*223*
Plan assets at end of the year	**3,170**	*2,353*	**6,765**	*5,303*
Actual return on plan assets	181	*188*	497	*594*
c) Benefit asset/(liability)				
Fair value of plan assets	3,170	*2,353*	6,765	*5,303*
Present value of the defined benefit obligations	4,016	*2,869*	6,656	*4,951*
Benefit asset/(liability)	**(846)**	*(516)*	**109**	*352*
d) Net employee benefit expense recognised in the employee cost				
Current service cost	223	*604*	1,357	*936*
Interest cost	222	*175*	490	*326*
Expected return on plan assets	(220)	*(153)*	(490)	*(372)*
Actuarial (gain)/loss	1,109	*32*	243	*(225)*
Net employee benefit expense*	**1,334**	*658*	**1,600**	*665*

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

	Gratuity		Provident fund	
e) Major category of plan assets as a percentage of fair value of total plan assets				
Government securities	—	*—*	46%	*44%*
Corporate bonds	—	*—*	54%	*56%*
Fund balance with insurance companies	100%	*100%*	—	*—*
Total	**100%**	*100%*	**100%**	*100%*

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

	Gratuity		Provident fund	
	March 31, 2014	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*
f) The principal assumptions used in determining gratuity and provident fund obligations for the Group plans are as shown below:				
Discount rate	9.25%	*8.25%*	9.25%	*8.25%*
Estimated rate of return on plan assets	8.25%	*8.00%*	8.75%-9.75%	*8.25%*
Salary increase rate	5.00%	*5.00%*	5.00%	*5.00%*
Employee turnover	5.00%	*5.00%*	5.00%	*5.00%*

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

The Group expects to contribute Rs. 296 Lakhs (Previous year: Rs. 178 Lakhs) and Rs. 1,000 Lakhs (Previous year: Rs. 1,000 Lakhs) to gratuity and provident fund respectively in the next year.

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

	March 31, 2014	*March 31, 2013*	*March 31, 2012*	*March 31, 2011*	*March 31, 2010*
Gratuity					
Defined benefit obligation	4,016	*2,869*	*2,219*	*1,878*	*1,614*
Plan assets	3,170	*2,353*	*1,656*	*1,639*	*1,542*
Surplus/(deficit)	(846)	*(516)*	*(563)*	*(239)*	*(72)*
Experience adjustment on plan liabilities	1,254	*67*	*(20)*	*49*	*(3)*
Experience adjustment on plan assets	(70)	*35*	*(10)*	*(13)*	*(17)*
Provident fund**					
Defined benefit obligation	6,656	*4,951*	*4,222*		
Plan assets	6,765	*5,303*	*4,303*		
Surplus/(deficit)	109	*352*	*81*		
Experience adjustment on plan liabilities	250	*(2)*	*(4)*		
Experience adjustment on plan assets	7	*223*	*50*		

**The year ended March 31, 2012 being the first year of presentation of provident fund details by the Group 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, 2014	*March 31, 2013*
(ii) Contribution to provident and other funds includes the following defined contributions:		
Provident fund	880	*667*
Superannuation fund and national pension scheme	346	*304*
Employees state insurance fund	73	*91*
Total	**1,299**	*1,062*

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

		March 31, 2014		*March 31, 2013*
27. FINANCE COSTS				
Interest expense		7,789		*7,699*
Other borrowing costs		164		*265*
Total		**7,953**		*7,964*
28. OTHER EXPENSES				
Consumption of stores and spares		6,899		*7,145*
Power and fuel		15,076		*15,973*
Rent		1,993		*2,015*
Repairs and maintenance				
Plant and machinery		2,704		*2,158*
Buildings		438		*592*
Others		459		*384*
Insurance		540		*512*
Rates and taxes		5,234		*4,676*
Auditor remuneration				
Statutory audit fee	93		*80*	
Limited review fee	22		*20*	
Tax audit fee	15		*26*	
Others	36	166	*41*	*167*
Sales promotion expenses		67,864		*61,495*
Outward freight, halting and breakage expenses		24,797		*22,423*
Selling and distribution expenses		24,794		*22,850*
Bad debts/advances written off		32		*535*
Provision for doubtful debts		376		*977*
Provision for doubtful advances		52		*597*
Net loss on sale of fixed assets		—		*68*
Miscellaneous expenses		13,117		*10,786*
Total		**1,64,541**		*1,53,353*
29. EARNINGS PER SHARE (EPS)				
The following reflects the profit and share data used in the basic and diluted EPS computation:				
Profit after tax		22,602		*17,211*
Less: Dividend on preferential shares (including dividend distribution tax thereon)		(260)		*(260)*
Net profit attributable to equity shareholders		**22,342**		*16,951*
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)		**8.45**		*6.41*

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. 1,993 Lakhs (Previous year: Rs. 2,015 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2014	*March 31, 2013*
Within one year	674	*663*
After one year but not more than five years	1,077	*1,826*
More than five years	—	—
Total	**1,751**	*2,489*

31. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Derivatives outstanding as at the reporting date

Particulars	Purpose	Currency	**March 31, 2014**		*March 31, 2013*	
			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	*135.00*	*69,934*
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	USD	135.00	69,934	*135.00*	*69,934*

*Amount disclosed represents the underlying principal amount of loan.

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

	March 31, 2014	*March 31, 2013*
Trade payables	1,059	*1,514*
Liability for capital goods	13	*392*
Advances to suppliers	370	*145*
Capital advances	499	*520*

32. AMALGAMATION ACCOUNTING

a) 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 had 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 had become effective and accordingly, the Company had given effect to the merger in the previous year financial statements with effect from April 1, 2012.

In terms of the scheme, the amalgamation had 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 had 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 had 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 had been cancelled and the corresponding issued, subscribed and paid up equity share capital of the Company had been reduced by Rs. 85 Lakhs representing 8,489,270 equity shares of Re. 1 each. Also, other inter-company balances and transactions had been cancelled.

(iii) 84,89,270 fully paid up equity share of Re.1 each of the Company had 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 had 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, had 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 had followed aforesaid treatment as stated in (iv) and (v) above, which is as per the approved scheme.

b) 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. Effective April 1, 2014, the name of CBPL has been changed in the statutory records.

33. Tax expense for the year ended March 31, 2014 is net of reversal of Rs. Nil (Previous year: 1,733 Lakhs) and Rs. Nil (Previous year: 809 Lakhs) 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, 2014	*March 31, 2013*
Salaries, wages and bonus	—	*128*
Power and fuel	—	*35*
Interest expenses (net)	128	*554*
Other expenses	—	*102*
Total	**128**	*819*

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:	Kingfisher East Bengal Football Team Private Limited ('KEBFTPL') (Formerly, United East Bengal Football Team Private Limited)
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:	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')

(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, 2014	*March 31, 2013*	**March 31, 2014**	March 31, 2013	**March 31, 2014**	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*
a) Transactions during the year								
Sale of products								
UBHL	**–**	–	**421**	*902*	**–**	–	**–**	–
Purchase of raw materials								
HUL	**–**	–	**–**	–	**–**	–	**4**	*4*
HSCBV	**–**	–	**–**	–	**–**	–	**5**	*4*
Sales promotion expenses								
KEBFTPL	**1,022**	*1,051*	**–**	–	**–**	–	**–**	–
Force India	**–**	–	**–**	–	**–**	–	**1,799**	*1,899*
Others	**–**	–	**–**	*6*	**–**	–	**21**	*11*
Rent expense								
UBHL	**–**	–	**97**	*72*	**–**	–	**–**	–
Mrs. Suparna Ganguly	**–**	–	**–**	–	**44**	*33*	**–**	–
Technical service fees								
HIBV	**–**	–	**–**	–	**–**	–	**600**	*600*
Royalty paid								
UBHL	**–**	–	**674**	*674*	**–**	–	**–**	–
HBBV	**–**	–	**–**	–	**–**	–	**78**	*36*
Consultancy fees								
HSCBV	**–**	–	**–**	–	**–**	–	**108**	*65*
HIBV	**–**	–	**–**	–	**–**	–	**27**	–
HBBV	**–**	–	**–**	–	**–**	–	**19**	–
Reimbursements received								
UBHL	**–**	–	**5**	*1*	**–**	–	**–**	–
Reimbursements paid								
HIBV	**–**	–	**–**	–	**–**	–	**172**	*217*
UBHL	**–**	–	**25**	*10*	**–**	–	**–**	–
Others	**–**	–	**–**	–	**–**	–	**–**	*18*
Remuneration paid								
Mr. Kalyan Ganguly	**–**	–	**–**	–	**581**	*493*	**–**	–
Mr. Henricus Petrus van Zon	**–**	–	**–**	–	**491**	*126*	**–**	–
Mr. Guido de Boer	**–**	–	**–**	–	**–**	*205*	**–**	–
Issue of equity shares [refer note 32(a)]								
HUL	**–**	–	**–**	–	**–**	–	**–**	*85*
Dividend paid on preference shares								
SNIL	**–**	–	**222**	*222*	**–**	–	**–**	–
Proposed dividend on equity shares								
SNIL	**–**	–	**630**	*630*	**–**	–	**–**	–

(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, 2014	*March 31, 2013*	**March 31, 2014**	March 31, 2013	**March 31, 2014**	*March 31, 2013*	**March 31, 2014**	*March 31, 2013*
b) Balances outstanding as at year end								
Preference share capital								
SNIL	**–**	–	**7,407**	*7,407*	**–**	–	**–**	–
Trade payables								
UBHL	**–**	–	**(38)**	*(162)*	**–**	–	**–**	–
HIBV	**–**	–	**–**	–	**–**	–	**(616)**	*(666)*
Others	**(37)**	*(33)*	**–**	–	**–**	–	**(21)**	*(32)*
Investment in equity shares	**1**	*1*	**–**	–	**–**	–	**–**	–
Trade receivables								
UBHL	**–**	–	**126**	*187*	**–**	–	**–**	–
Security deposits								
UBHL	**–**	–	**2,009**	*2,009*	**–**	–	**–**	–
Mrs. Suparna Ganguly	**–**	–	**–**	–	**37**	*34*	**–**	–
Prepaid expenses								
Force India	**–**	–	**–**	–	**–**	–	**2,033**	–

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 previous year's figures have been regrouped where necessary to conform to this year's classification. Further in view of the amalgamation described in note 32(a) 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

Bengaluru, May 27, 2014

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

London, May 27, 2014

ANNEXURE - A: BUSINESS RESPONSIBILITY REPORT

About the Report

This Business Responsibility Report for fiscal 2014 demonstrates responsible business practices across the nine principles enunciated in the National Voluntarily Guidelines on Social, Environmental and Economic responsibilities of Business released by the Ministry of Corporate Affairs, Government of India in July, 2011.

In 2012, the Securities and Exchange Board of India (SEBI) made this report mandatory under the listing requirement (as part of the Annual Report) for the top 100 listed companies in India. UBL implemented CSR activities voluntarily much ahead of the Guidelines and has been reporting the CSR activities in its Annual Reports.

UBL also publishes its Business Responsibility/CSR activities/performance in its quarterly in-house magazine/periodicals 'Beer Update' and in the Directors' Report.

Vision & Mission

The Mission statement of UBL embodies following objectives:

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

1. Ethics, Transparency and Accountability

Our commitment to responsible business is built into the core values and ethics of the Company. To conduct every aspect of our business responsibly and sustainably, we rely on:

1. Strong leadership.
2. Practise of our 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 to achieve our social, environmental and economic goals.

Operations of UBL are managed and controlled under the Chairmanship of Dr. Vijay Mallya, and through a professional Board of Directors. The driving force of UBL comprise of highly qualified professionals having vast experience in their relevant fields. 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 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. The Code inter alia covers the following aspects:

- 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.

2. Product & Sustainability

UBL has set up state of the art breweries across the country and beer (product) is manufactured in most hygienic conditions so as to ensure healthy, safe and sustainable product during its shelf life. The same is applicable to breweries that were acquired, in an attempt to have all our breweries on the same platform on consistency, compliance and sustainability. The product is properly labelled and all requisite information relating to the product is displayed on the labels.

While not compromising on quality of its product, UBL ensures that packaging of its product does not have adverse impact on environment and where possible recycled glass bottles are used.

The Company complies with all applicable laws in manufacturing and labelling of its product so as to produce quality product for its consumers. The marketing team of the Company organizes awareness events for its products among the consumers.

The intellectual property relating to beer is owned by UBL and UBL takes appropriate 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 us and therefore, not optional. We apply principles of Sustainability to our Manufacturing Operations, our Employee Life Cycle practices and in our dealings with stakeholders in the community we operate in.

Key Responsibility Areas (KRAs) of our key managers are geared towards improving sustainable initiatives like carbon footprint, waste management, reduction in water consumption, etc. We show year on year improvement on how we use resources, by lower consumption, increased efficiency etc. and also compare the same to industry benchmarks.

3. Employees' Well-being

We at UBL realise the fact that in any business, it is the employees that are central to the company's prosperity and realization of its business objectives. Hence we always endeavour to impart benefits that not only cover employees but also their dependent family members. In the quest for health and wellness, we have introduced the Group Medical Insurance policy which has received a phenomenal response from all sections of the employees.

Technological advances have lessened the need to "walk" at work. Emails, fax, and the internet have meant that it is possible to run a business without having to leave the chair. This sedentary lifestyle is one of the key reasons for increase in severe health problems like diabetes, obesity, cholesterol, blood pressure, cancer etc.

Global Health Authorities recommend people take a minimum 10,000 steps (approx. 6.4 km) per day.

UBL has come up with a unique idea in partnering with an external partner to make its employees more health conscious by helping them count the number of steps they take in a day with the help of a pedometer. More than 350 pedometers were given away and various initiatives were undertaken to make people "move". At the end of 100 days at a virtual "Race" organized by Stepathlon, UBL as an organization was awarded the First Runner Up in the Most Active Company in FMCG category.

In a complex industrial relations environment, our Long-Term-Settlement processes have specific focus on alignment and engagement with our associates and have been exemplary on the industrial harmony aspects, with zero incidents.

Talent Acquisition

Recruitment practices are controlled and monitored in UBL as under:

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 our suppliers and vendors on the talent space.
4. The company picks up talent from premier institutes to refresh its talent pool.

Talent Induction and Development

UBL has 19 own 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 us to be able to maintain standardization and formalization to be able to bring in unity amongst diversity and have the "One UBL Picture". As part of that, all our new employees are taken through a standard induction program. This is measured through established metrics, re-evaluated and corrected as and when required. We remain to be an equal opportunity employer and our units have differently abled people and other diverse population well incorporated and assimilated. We do 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 environment we operate in, we have institutionalized the UBL University, a platform for learning and development. Under UBL University, the organization aims at 1) Standardization of existing training programs (technical, functional and soft skills) and multi skilling based on skills based matrix where applicable; 2) An advanced distributed learning system based on an e-learning on Shareable Content Object Reference Model (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 function that the employee belongs to, the level of employee and the type of training; 4) We have also introduced a bi-monthly learning series on myriad themes such as Communication, Customer Focus, Personal Development etc.

The UBL University, a self-paced e-learning platform has enabled higher number of users exploring courses on their own, in addition to assigned courses. 191 courses have been completed by users through the platform. 703 users completed 517 person-days of learning in 2013-14 i.e. 24% of requirement. This has reduced the external training requirement thereby resulting saving on time and cost. In the units 63% of the trainings were around-the-machine, 25% were TPM based trainings, 12% were behavioural and functional trainings.

From a pure management perspective, our HR initiatives on Learning itself has shown results that have created traction in the external environment in publishing our success stories as Industry-Cases, through whitepapers and other speaking forums across the Industry and country. This sustainability is in terms of employees continuously and spontaneously adopting and adapting to HR initiatives that are best-in-class in the industry.

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 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 our quest to set up world class manufacturing facility, we have initiated Project Kavach ("armour" in Hindi) and Project Chamak ("shine" in Hindi) to standardize Safety and Hygiene measures in all our breweries across different locations.

The entire organization is geared up to revamp, re-invent, research and implement fundamentals in safety and 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's Total Productivity Management (TPM) initiative has transformed the organization working culture with enhanced employee engagement and empowerment. Various sections in different units are demonstrating Operational Excellence as the first step towards our vision of creating a World Class organization. All the 9 units where TPM has been initiated have cleared 1st Phase and moved into next phase of TPM Journey. Breweries at Taloja and Nelamangala are leading the journey and are presently in Phase 3 of expansion working on TPM pillar implementation. The efforts taken by the leading units are used as a reference for the units following them and these units are taking consistent efforts to surpass the level and understanding achieved by previous units. This is a true demonstration of Continuous Learning and working towards Excellence.

We have established a policy on Prevention of Sexual Harassment (PSH) based on the Sexual harassment of Women at workplace (Prevention, Prohibition and Redressal) Act 2013. The Company takes cognizance that such harassment constitutes infringement of fundamental rights to work in a safe and healthy environment. This initiative on PSH at workplace has been named as ABHAY.

UBL has also established a structured Internal Complaints Committee (ICC) with the objective of prevention, prohibition and redressal of incidents involving sexual harassment at workplace. We are committed towards creating awareness by continuous training, awareness etc. to be in compliance with provisions of law in letter and spirit.

Goal setting, budget processes, internal audit, control self assessment and other practices are in place to bring accountability, service delivery and excellence in execution and results keeping into consideration stakeholders.

To enhance employee connectivity, the usage of intranet portal called SAMPARK and social media network called YAMMER have been a boon and acting as a via media for internal collaboration and knowledge management tool. This substitutes the classroom and instructor based learning thereby resulting in 81% of the employees being engaged on this platform through transfer and sharing of knowledge, ideas, file, data, skills and thoughts become faster and time saving. This has also been beneficial to the company significantly in external branding, faster assimilation, getting relevant information from trade and the market, obtain feedback on events and response to questionnaires from employees even before on-boarding. The platform is also used for running internal rewards and recognition programs and create awareness on organization-wide movements. UBL also organises quarterly webcast where senior leads of the Company address the employees across units once a quarter through an established channel, discussing business results, contributions and other relevant topics.

The organization has invested in large technological platforms not just in sustaining Manufacturing Excellence, but also in all other aspects of organizational governance and statutory requirements. An example of that is the multi-module, successful implementation of SAP in 2013, in order to standardise our business processes, streamline our operating costs, improve coordination among different business units, faster decision making thereby increasing the overall productivity.

Introduction of the online performance system "SUCCESS FACTORS" is another such initiative which is certainly going to bring about phenomenal transformation in our performance management, visibility to talent, organizational performance parameters, establish accountability at an individual and team levels and help link it to strategic HR decision making events like Compensation, Succession, Training and Development, etc. This system based on the next generation cloud technology in HR service delivery is flexible, manageable and very efficient. This kind of flexibility is especially beneficial for large organizations like UBL that have employees and business units scattered in multiple locations. Performance appraisals can now be distributed and collected in a much shorter time period. It offers greater confidentiality and transparency. Success Factors also offers sophisticated analysis tools and functionalities. This means that summarizing results across various dimensions and identifying trends in high performance work practices is much simpler and faster than the earlier paper based system. We have been able to drive 100% completion of goal setting and appraisals through the system.

4. Stakeholders' Engagement

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

At UBL, as part of a long term sustainable effort towards CSR the organizational processes have been aligned. These start right from the human resource practices such as:

1. Having interview sessions specifically focused on CSR for senior business positions in the organization.
2. Implement continuous learning and growth by:
   - encouraging and tracking subject matter experts and deliverables from them, and
   - build CSR as part of KRAs of all business leads through a balanced scorecard approach.
3. Implement CSR as an integral part of business plan as envisaged in the Code of Conduct.
4. Employee participation.

Towards this end, we at UBL:

- take special initiatives on CSR innovation within defined boundaries.
- have fresh perspectives on CSR through academia-interaction (trainees being taken from top schools in the country for short term projects on CSR).

We focus CSR efforts primarily in four major areas viz., Primary Health and Welfare, Primary Education, Water Management and Farming Initiative. We have a CSR policy documented which lays down clear guidelines for undertaking comprehensive Social Development Programs under the four categories in the identified areas.

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

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.

Primary school refurbished in Nanjangud, Karnataka.

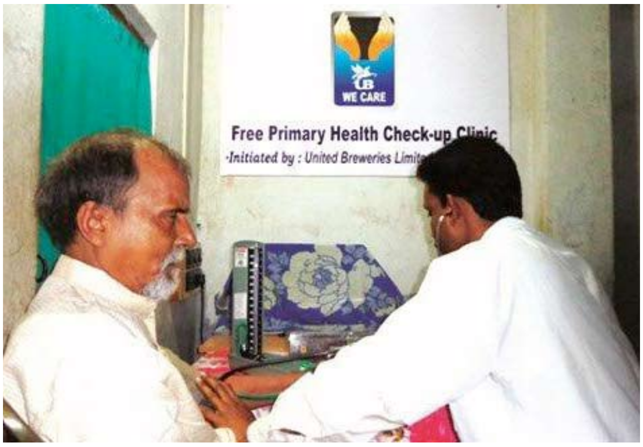
Distribution of uniforms and stationeries in a local school in Dharuhera

Apart from these, we have been actively involved with primary schools from distributing uniforms, organizing mid-day meals to providing vocational training to students with special needs. We also support needy students by providing 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 in Chopanki. Financial support to needy students of Palakkad, maintenance of school premises in Ludhiana, Nanjangud and Chopanki, mid-day meal schemes in Cherthala, providing teaching aids, stationeries, uniforms etc. to schools in Mallepally, Mangalore, Kuthambakkam, Aurangabad, Dharuhera, sponsorship of teachers' fees in Mallepally and Chopanki are some of the key initiatives we have undertaken this year in the field of Primary Education.

UBL, Chopanki has been recognised and honoured for its CSR efforts by the Government of Rajasthan. The prestigious "Bhama Shah" award was presented to UBL, Chopanki in 2013.

The objective of our Primary Health initiatives under CSR is to foster good health and to make primary health care more accessible and affordable. In Nelamangala and Palakkad, needy families in the vicinity benefit from the free medical dispensaries of the units.

Regular medical camps are being organised in Taloja, Ponda, Srikakulam, Kuthambakkam, Mangalore, Aurangabad and Kalyani where free consultation and medicines are provided.



A health camp in Kalyani.

Health camp for women in Ponda.

Our brewery in Aurangabad also sponsors free medical check-ups, pathological tests, and doctor's fees for treating students of the local primary school. Our unit in Khurda gave shelter to local families affected by cyclone by providing them with tarpaulins. This prevented health hazards and was highly appreciated by the local community.

UBL-Khurda supplies drinking water to nearby villages during summer under the Jeevandhara project.

For an industry like ours which is heavily dependent on water, the necessity to conserve it is crucial not only from socially responsibile perspective but also from business viability perspective. Our efforts also include building and maintaining water tanks for providing clean drinking water in schools and villages in Mallepally, Nanjangud, Khurda and Ludhiana. UBL has constructed underground pipelines and water storage facility in Srikakulam which serves almost 250 households, and also a 10,000 liters overhead tank and distribution network in Nelamangala that caters to almost 600 families. Rainwater harvesting projects have been undertaken in Khurda, Chopanki, Nelamangala, Aurangabad and Palakkad units. The Company also provides clean drinking water to the community in Mangalore, Khurda and Aurangabad.

UBL had anticipated years ago that barley cultivation in India may fail to meet the demand for malting having regard to the growth of beer industry. Therefore UBL embarked upon barley R&D not only to enhance cultivation of Barley, but also to improve its availability for malting, arrest decline in barley growing areas by developing high yielding varieties and to make barley a profit yielding competitive crop.

Barley cultivation initiative.

UBL therefore collaborated with various agricultural research institutes and developed high yielding varieties of barley suitable for Indian conditions after years of extensive research. In an endeavour to empower the farmers, we have entered into a collabarative research programme for barley with the Directorate of Wheat Research, Karnal and Punjab Agricultural University, Ludhiana for development of high yielding barley varieties in Punjab, as well as at a national level.

To evaluate the present production technology and to transfer advanced technology to farmers, UBL has tied up with ITC's Agricultural Division and have conducted over 600 demonstrations to prove higher yield of improved varieties of barley in Punjab, Haryana, Rajasthan, and Uttar Pradesh. UBL also sponsored the development of DWR UB52 variety having superior quality grains. In this initiative, UBL also assists barley growers to sell their produce to customers where UBL protects barley growers by assuring minimum selling price announced by the Government of India to farmers which instils confidence amongst them as the same is driven by productivity. In addition to cultivation, UBL is also involved with the farming community to improve the income of the farmers by:

- supply of superior quality seeds at subsidised rates
- educating farmers in timely cultivation practices.

Our brewery in Mallepally distributed VJM-315 variety barley seeds and also passed on the Standard Operating Procedures (SOP) to the local farmers in the Medak district. The brewery also organised farmers meet to interact with the farmers and extend barley cultivation in the area.

5. 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 equal and inalienable rights for the entire humanity laying 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.

Our management takes care to ensure leadership, good governance, processes, and the practice of human values in every interaction. We comply and adhere to all the human rights laws and guidelines of the Constitution of India, national laws and policies.

We treat all stakeholders alike with respect and dignity. We have not received any complaints of human rights violations during the reporting period.

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 imprint on the society as a whole. We have been continuously redefining, reinventing and recharging ourselves for global best practices implementation. We have been recognized and rewarded for such multiple initiatives related to our focus on People and the Planet by various national and international forums.

Mr. Satish Bhat receiving the award on behalf of UBL-Mallepally.

The validation of successful implementation of Sustainable practices is in the 'Say' from our customers, partners, employees and external third parties. Frost and Sullivan recognized our Mallepally unit as a 'Challenger' in the Green Manufacturing Excellence Summit, based on our proven experience, expertise and capability in identifying and mitigating sustainability risks with a clear focus on the process of risk identification in environment, social, resources, regulatory areas. With scores higher than the 2013 average on all critical areas like Energy, Water, Materials, Emissions, Effluents, Green Supply Chain, etc, this recognition is just one of those that validates our commitment towards Sustainable practices.

6. Environment

Water

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

1. Reduction of consumption – installation of sophisticated equipment, modification of processes and strict supervision has led to a drastic reduction in the water consumption.
2. Recycle and Reuse – reduction of the key pollutants like yeast, trub TDS etc. reduces the load on ETP. Waste water is used for Agriculture. 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 the brewery premises. We also organise programs from time to time to make the local farmers aware of.
3. Recharge and Redistribute 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 viz., Chopanki, Palakkad, Kuthambakkam, Nelamangala, Mangalore. The rainwater collected is redistributed amongst the community adjacent to the brewery to cater to their water requirement and hence improve their quality of life.

Emissions, Waste & Effluents

UBL has been focussing continuously on alternate methods for reducing energy consumption and energy saving across its Units for reduction of carbon emission. All the major effluents, waste and emissions are regularly monitored and are well within permissible limits. The broken bottle waste is recycled through authorized agencies. There is a robust system defined for stage wise monitoring of bottles breakage and efforts are aligned to reduce its generation by modifications/ control in equipment.

In this direction, UBL has undertaken following initiatives:

- UBL has commissioned a green power project at its unit located at Nelamangala, Bangalore, for generation of electricity through spent grain. This is under Clean Development Mechanism (CDM) and we are 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 of biomass boilers and has replaced oil fired boilers with briquette fired boilers. We are in the process of CDM declaration for carbon credit.
- Installation of solar energy based 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 Units. The manufacturing team continues to reduce energy use by 5–10%, through efficiency improvements and innovative solution/technologies. UBL is proud to mention that all but one of its breweries use biomass/agri-waste boilers for generating steam, as part of 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 in use.

Occupational Health & Safety

Emergency equipment (first aid box, safety showers, fire extinguishers, etc.) have been located across factories and well maintained. Employee awareness about emergency situation is good, and they are continuously 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 Personal Protective Equipments (PPE) before entering the brewery premises.

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

All our breweries have been designed using eco-friendly construction materials and principles of design and technology selection have been made to reduce energy consumption by applying green manufacturing principles. Many of our breweries have developed a green belt around them by planting trees.

Celebrating World Environment Day at UBL-Dharuhera.

UBL Palakkad received the second prize from Kerala State Pollution Control Board for pollution control under the Large Scale Industries Category on June 2013. The unit has made substantial efforts in the areas of pollution control, water purification, recycling and conservation, conversion of by-products into nutritive cattle and poultry feeds and green belt development.

Mr. A Balaji receiving the award on behalf of UBL-Palakkad

7. Policy Advocacy

Being a market leader in the beer industry, 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.

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. We are part of a coalition that is determined to take leadership in creating, sharing and adopting best practices that will enable the creation of a positive movement towards the achievement of the human goals of sustainability and wealth creation.

8. 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 with their livelihood.

For instance UBL has empowered the farmers who grow UBL developed high yield 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 market fluctuations. Barley being a hard crop requires 50% less water than wheat which also suits farmers having meagre irrigation facilities. This has also helped farmers to 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 is becoming saline due to use of excessive chemical fertilizers and water use. Presently the UBL variety barley - VJM 315, is a preferred variety in the saline belt. Barley requires less fertilizer than wheat which saves the cultivation cost for the farmers. Thus UBL with its farming initiative has not only encouraged barley cultivation with good returns but also transferred the technical knowhow free of cost to the farmers in about 20 districts in North India.

Our diversity focused initiatives where feasible and applicable, have been pointed out earlier in this document as part of our focus on inclusive growth.

9. Customer Value

UBL has superior understanding of consumer needs and develop its products to fulfil their needs and serve them better. We are committed to achieve business success with integrity. We are honest with consumers, with business partners and with each other. We work together on the principle of mutual trust and transparency in a boundary less organisation. We are intellectually honest in advocating proposals, including recognizing risks.

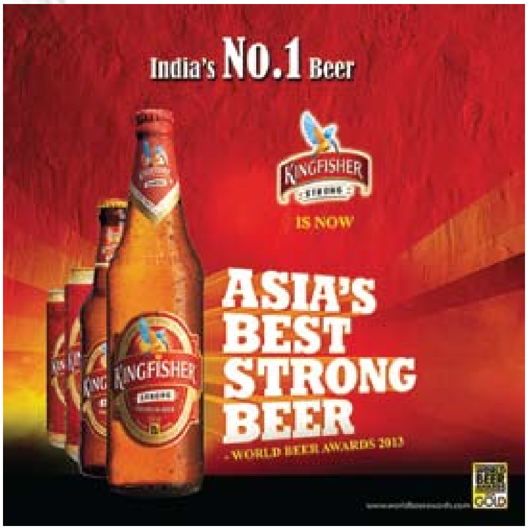
UBL has been ranked 60th amongst the top 100 most innovative and growing companies in the world by Forbes magazine. It is among top 4 Indian companies on the list. This is a reflection of the ratings / views of investors, analysts and other stakeholders on the basis of value of our existing business and expectations of future innovative results.

In recognition of its customer value Kingfisher Beer has been recently ranked among India's top ten breakaway brands that dominate their product category based on Brand Asset Valuator survey conducted by Rediffusion-Y&R. Kingfisher also stands as one of the top 10 brand recalls in the minds of the customers/consumers in the country.

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.

UBL received an International Award at the World Beer Award 2013 where "Kingfisher Strong" was awarded "Asia's Best Strong Lager 2013".

All UBL, products have to pass stringent quality test by its very able Quality Assurance Team before they reach consumers. UBL products do not just follow the law of the land when it comes to labelling, but go further and seek to inform consumers about the various ingredients, their proven clinical benefits and educate them about the shelf life of products through the label. We have a robust grievance redressal mechanism in place. An active Consumer Cell phone number, email address and postal address are also provided on the packs for consumers to contact UBL for any clarifications, queries or complaints.



Asia's Best Strong Beer

UBL has joined hands with local firms to ensure speedy and safe disposal of its waste and products/containers.

ANNEXURE - B: 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, 2013 – March 31, 2014
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

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

   - National Industrial Classification : Class – 1103
   - Indian Trade Classification : Code – 22030000
8. **Three key products/services that the Company manufactures/provides (as in balances sheet):**

   UBL is engaged in manufacture and sale of beer including licensing of brands which constitutes a single business segment.
9. **Total number of locations where business activity is undertaken by the Company:**

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

   ii. **Number of National Locations :** The Company operates through 19 owned breweries and 10 contract breweries. The business activities are also carried out from Registered cum 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)** : 42,599 million
3. **Total profit after taxes (INR)** : 2,256 million
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

   The Company's total spending on CSR activities during 2013-14 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 Farming Initiative.

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 the 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:

<table>
<tr><th rowspan="2">Sl. No.</th><th rowspan="2">Questions</th><th>Business Ethics</th><th>Product Sustainability</th><th>Employees' Wellbeing</th><th>Stakeholders' Interest</th><th>Human Rights</th><th>Environment Protection</th><th>Policy Advocacy</th><th>Inclusive Growth – CSR</th><th>Customer Relations</th></tr>
<tr><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr>
<tr><td rowspan="2">1.</td><td rowspan="2">Do you have a policy / policies for...</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td colspan="9">The Company has framed certain policies which inter alia cover all the aspects of NVGs in one section or another.</td></tr>
<tr><td>2.</td><td>Has the policy been formulated in consultation with the relevant Stakeholders?</td><td colspan="9">The Policies have been formulated keeping in view the interest of all stakeholders though stakeholders have not been directly consulted.</td></tr>
<tr><td>3.</td><td>Does the policy conform to any national/ international standards? If yes, specify?</td><td colspan="9">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.</td></tr>
<tr><td>4.</td><td>Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td rowspan="2">5.</td><td rowspan="2">Does the Company have a specified committee of the Board/Director/Official to oversee the Implementation of the policy?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td colspan="9">Presently certain Executives are entrusted to look after the respective responsibility areas. The Board may consider formation of a Committee if statutorily required in respective areas.</td></tr>
<tr><td>6.</td><td>Indicate the link for the policy to be viewed online?</td><td colspan="9">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.</td></tr>
<tr><td>7.</td><td>Has the policy been formally communicated to all relevant internal and external stakeholders?</td><td colspan="9">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.</td></tr>
<tr><td>8.</td><td>Does the Company have in-house structure to implement the policy / policies?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td>9.</td><td>Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the Policy / policies?</td><td colspan="9">Yes. The concerned Functional Heads review and redress grievances.</td></tr>
<tr><td>10.</td><td>Has the Company carried out Independent audit/evaluation of the working of this policy by an internal or external agency?</td><td colspan="9">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.</td></tr>
</table>

2(a). 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 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. A Committee of the Board on Corporate Social Responsibility (CSR), has been formed, as mandated, which 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. 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. 28 Investor's complaints and 1518 consumer complaints were received during the period under report. All the investor's complaints have been resolved satisfactorily. Details of consumer complaints are given in reply to Principle 9 of this report.

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 for sustainable supply. 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, 2014 (excluding temporary / contractual / casual basis) is 2730.

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, 2014 is 3966.

3. **Please indicate the number of permanent women employees:**
   As on March 31, 2014, there were 64 permanent women employees.

4. **Please indicate the number of permanent employees with disabilities:**
   There are no employees with permanent disabilities as on March 31, 2014.

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 45% (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%	100%
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 Farming Initiative. 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 2013-14.

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 2013-14, 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 Policies, 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 from various stakeholders. The Company has also received awards and accolades from various national and international forums e.g. UBL received an International Award at the World Beer Award 2013. Kingfisher Strong was awarded "Asia's Best Strong Lager 2013." UBL, Chopanki received "Bhama Shah" Award by the Government of Rajasthan in 2013. Our unit at Mallepally was recognized by Frost and Sullivan as a "Challenger" in the Green Manufacturing Excellence Summit. Our unit at Palakkad received the second prize from the Kerala State Pollution Control Board for pollution control under the Large Scale Industries Category.

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 2013-14 was about Rs.13.5 million. This does not include amount spent on Farming Initiative.

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. 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 2013-14, a total of 1518 consumer complaints (including 1508 grievances received by Consumer Services Cell) were received, out of which 1510 (99%) complaints were resolved and 8 (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.

ANNEXURE - C: STATEMENT UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956

Conservation of Energy

Energy conservation measures taken by the Company:

Electrical Energy:

- Automation in refrigeration plants to increase efficiency of compressors at Ludhiana, Dharuhera, Nelamangala and Srikakulam Units.
- Lighting energy savers installed at Khurda, Dharuhera and Ponda Units.
- Continued focus on optimal work-in-process during off-season has reduced refrigeration load and consequently reduced energy consumption.

Fuel Consumption:

Wort Heat recovery systems installed at Kothlapur, Nelamangala and Srikakulam Units.

Water Conservation:

- Recycling of effluent treated water with programmable logic control operated reverse osmosis plant installed at Mallepally and Aurangabad Units to ensure water conservation.
- Rain water harvesting initiative is being undertaken at Ludhiana, Dharuhera and Aranvoyal Units in a phased manner to save water and enhance the ground water table.

Technology Absorption

- Isomix technology to reduce fermentation cycle time has been commissioned at Aurangabad Unit.
- Two stage wort cooling installed at Aranvoyal, Nelamangala, Ludhiana and Dharuhera Units.
- All Surface Empty Bottle Inspectors installed in Ponda, Srikakulam and Dharuhera Units.

Research & Development

The company has continued its Research & Development program in the area of development of two row malting variety of Barley.

Foreign Exchange Inflow and Outflow

		(Rupees in Million)
Foreign Exchange earned	:	Rs. 27.00
Foreign Exchange used	:	Rs. 1235.00

ANNEXURE - D: ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE REPORT

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

UTTAR PRADESH – ALIGARH, LUCKNOW & GHAZIABAD	RAJASTHAN – ALWAR
DAMAN AND DIU – DAMAN	ASSAM – GAUHATI
MADHYA PRADESH – INDORE	SIKKIM – RANGPO
JAMMU AND KASHMIR – SAMBA	MEGHALAYA – SHILLONG

REGISTERED OFFICE:
"UB TOWER", UB CITY, 24, VITTAL MALLYA ROAD,
BANGALORE – 560 001.
Phone: (91-80) 39855000, 22272806 & 22272807
Fax No. (91-80) 22211964, 22229488
Email: ublivestor@ubmail.com, Website: www.unitedbreweries.com
CIN: L36999KA1999PLC025195, Cable: UBEEGEE

Non Mandatory Requirements

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

b) Nomination and Remuneration Committee:
The Company has set up a Nomination and 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 will be adopting a separate Whistle Blower Policy/Vigil Mechanism shortly.

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 2013-2014, 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: London
Date: May 27, 2014

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, 2014, 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, 2014, 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.

Mangala Rohith
Company Secretary (In practice)
Bangalore
ACS 20315 CP 7438

Bangalore, May 27, 2014

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
1	Maltex Malsters Limited	45	339	567	567	—	—	1120	99.62	19.77	79.84	21.19

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:

FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges

S. No.	Particulars	Details
1.	Name of the Company:	United Breweries Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit qualification	Un-qualified
4.	Frequency of qualification	Not Applicable
5.	To be signed by- ➢ CEO/Managing Director ➢ CFO ➢ Auditor of the Company ➢ Audit Committee Chairman	