UNITED BREWERIES LIMITED

July 29, 2019

1. The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai 400 023

2. The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot. C/1, G Bl.
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 051

Dear Sir,

Sub: **Compliance with Regulation 34(1) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015**

In compliance with the requirement under Regulation 34(1) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report for the Financial Year 2018-2019.

Request you to take the above information on records.

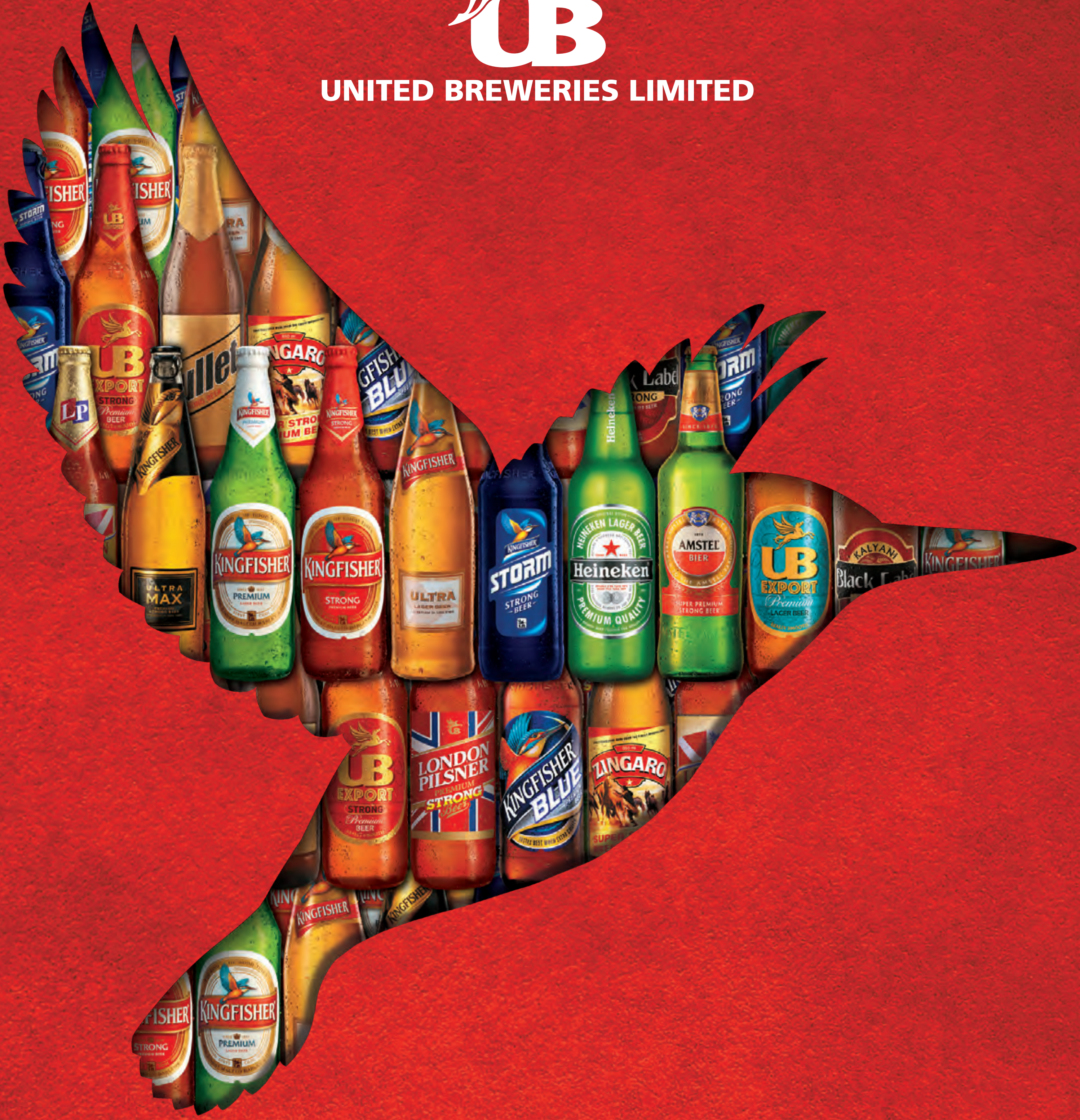
Thanking you, we remain,

Yours faithfully,
For UNITED BREWERIES LIMITED

GOVIND IYENGAR
Senior Vice President – Legal &
Company Secretary

Registered & Corporate Office : UB Tower, UB City, # 24, Vittal Mallya Road, Bengaluru - 560 001, INDIA
Tel : (91-80) 39855000, 22272807, 22293333, Fax : (91-80) 22211964, 22229488
Corporate Indentity Number : L36999KA1999PLC025195, Web Site : www.unitedbreweries.com, Email : ublcorporate@ubmail.com

UNITED BREWERIES LIMITED



ANNUAL REPORT 2018-2019

Contents

OUR VISION

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

OUR VALUES

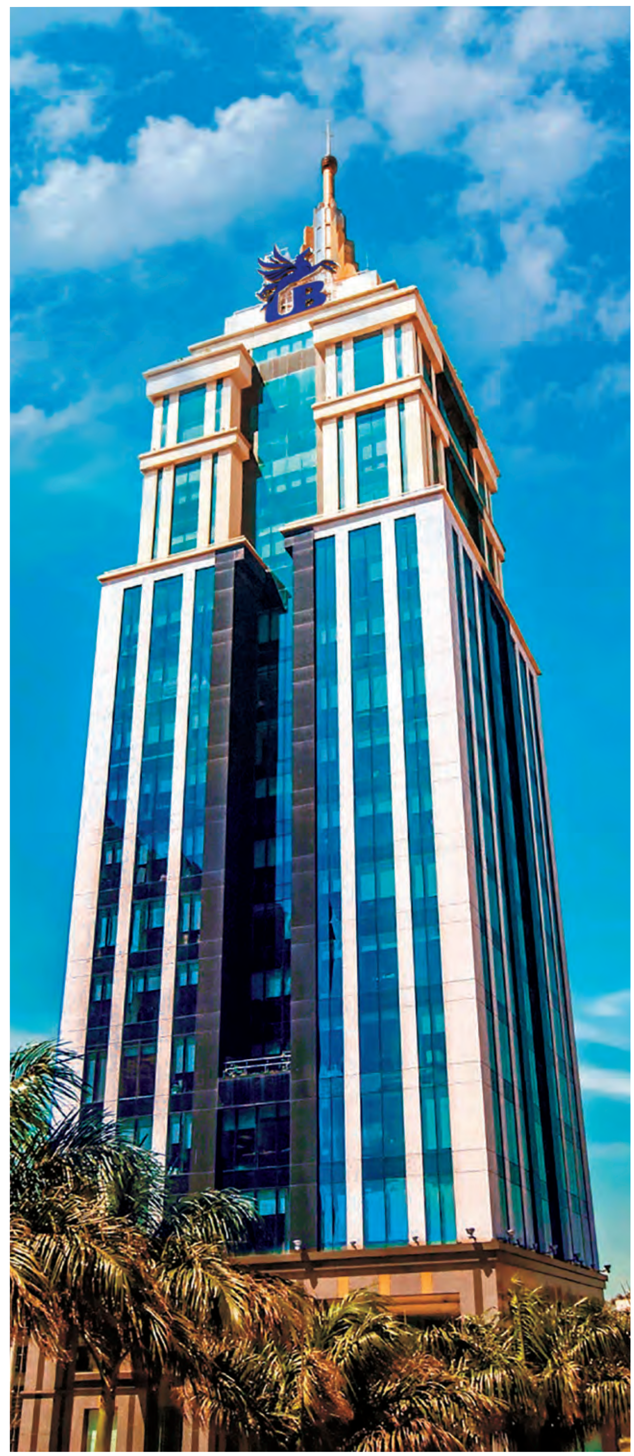
1. Passion for achievement, success and winning
2. Freedom to operate and learn from our mistakes
3. Treating people with respect and fairness
4. Respecting the environment
5. Integrity in all things and at all times

OUR BEHAVIOUR

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

India's largest beer company
A market leader in the truest sense

Brewing excellence since inception



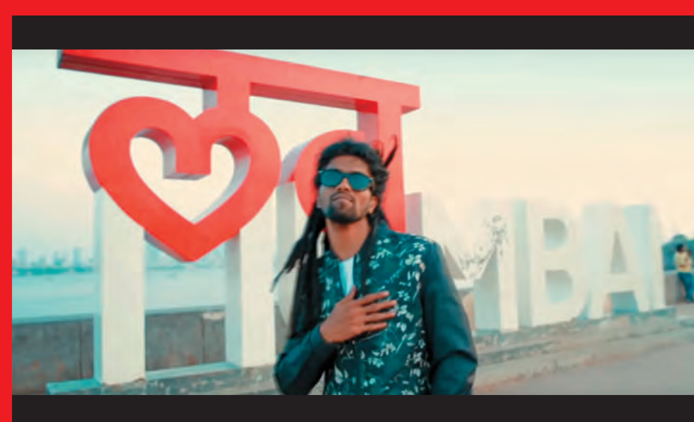
THE GOOD TIMES KEEP GETTING BETTER

DIVIDED BY BEATS. UNITED BY KINGFISHER.

The Indian Premier League (IPL) 2019 saw the rise of the 'Good Times Rap Anthem'. The cricket stars from teams associated with Kingfisher were seen grooving to the catchy new rap track in the TVC. The refreshed Kingfisher jingle was loved by the players and fans alike and was heard across television channels, digital platforms and all major radio stations across the country.

KINGFISHER CITY RAP ANTHEM MUSIC VIDEOS

The 'Good Times Rap Anthem' initiative was further extended to create local city rap anthems in respective local languages. Parts of the lyrics for these music videos were crowd-sourced in the form of words colloquial to the city, all coming together to create four rap anthems for the cities of Chennai, Bengaluru, Mumbai and Kolkata.



KINGFISHER COMMUNICATION GOES LOCAL IN BENGAL

Kingfisher's association with Food was further strengthened through localised communication for the market of West Bengal. Two TVCs in Bengali with colloquial conversations around food and Kingfisher were aired in West Bengal under the proposition of 'Food Tastes Better with Kingfisher'.

MAKING EVERY DAY SPECIAL WITH THE KINGFISHER CALENDAR

The much-anticipated Kingfisher Calendar kept its appointment with 2019 and launched another high-quality calendar. Now in its 17th year, the Kingfisher Calendar was shot in Sardinia, Italy. With relevant digital content and contests, the calendar reached out to the target audience across specific touchpoints providing them a peek into the exclusive world of the Kingfisher Calendar.

HOPPING ON TO THE GOOD TIMES BUS

Kingfisher amplified its association with the two popular football teams of the Indian Super League (ISL) – Bangalore FC & FC Goa. Football fans from Bangalore and Goa were treated to the 'Good Times Bus' experience, where they were driven across cities to watch their respective teams' away games, live. The activation further strengthened Kingfisher's association with the teams and fans in a unique and experiential manner. The two teams sponsored by Kingfisher, faced each other in the finals of the ISL, with Bangalore FC lifting the prestigious trophy this year.

THE BIGGEST PARTY EVER COMES BACK TO GOA

Kingfisher strengthened its long-standing association with India's biggest music festival 'Sunburn', by becoming the Presenting Sponsor for the 2018 edition of the main festival held in Pune. Kingfisher fans were treated to a truly memorable experience at the 'Kingfisher World' - a dedicated zone created to engage with consumers during the three day festival. After a gap of two years, Sunburn returned in February 2019 to the land of sun, sand and Kingfisher – Goa, giving consumers and partygoers more reasons to enjoy their favourite music with Kingfisher.

KINGFISHER APRIL FOOLS PRANK (INSTANT BEER POWDER)

This year on April Fool's Day, Kingfisher decided to prank beer lovers across the country. Kingfisher announced the launch of an 'Instant Beer Powder' which was positioned as a revolutionary innovation in the category. The news instantly went viral across the country and Kingfisher's 'Instant Beer Powder' announcement video was organically shared across social media platforms, review pages, blogs, and WhatsApp, reaching 25 million people.

5 MILLION CASES SOLD!

The Kingfisher Ultra brand family has sold over 5 million cases in the year 2018-19. Kingfisher Ultra continued to build on its association with the iconic Kingfisher Ultra Indian Derby in Mumbai and Kingfisher Ultra Derby in Bangalore. The brand also associated with popular French music producer DJ Snake for a four city tour in India, building on its association with premium entertainment events.

ULTRA SHORTS ON CHEERS

Ultra Shorts, the popular series of short stories on Kingfisher's Youtube channel - Cheers, released its latest presentations - 'What's Your Status' and 'Mr. Das'. The two stories talked about different issues faced by the youth today and immediately connected with the viewers. The 'Half Day Rant' and 'Holiday Rant' from 'What's Your Status' and 'Mr. Das' respectively, became sensational hits.

3 MILLION CASES SOLD!

Kingfisher STORM which launched in 2017, continued to receive an overwhelming response from consumers across the country.

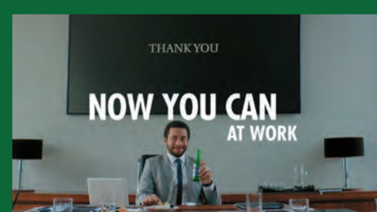
Kingfisher STORM used movie associations to connect with masses locally in the southern states. The association featured a large media campaign and exclusive live screenings. The brand also strengthened its association from last year with Bollyboom, which showcases trending Hindi-Punjabi music. The integrated marketing campaign around these events has helped the brand significantly improve its awareness and trials across markets.

AMSTEL BUILDS ITS PRESENCE IN INDIA

AMSTEL, the iconic Dutch beer, made an entry into India in May 2018. This international premium beer is the world's 8th largest beer brand and is sold in over 110 countries. Amstel was launched in Karnataka, Kerala, Pondicherry in 2018 and has recently been introduced in Andhra Pradesh and Tamil Nadu. This slow-brewed and extra-matured beer has already received an encouraging response for the international quality that AMSTEL is renowned for globally.

HEINEKEN BRINGS INTERNATIONAL EXEPERIENCES TO INDIA

Heineken associated with international marquee acts like the Martin Garrix India tour, Cirque Du Soleil, and Krank & Elrow, driving desirability and aspiration for the brand. Heineken engaged with its consumers across nightclubs through a series of international DJ tours.



HEINEKEN 0.0 LAUNCH IN INDIA

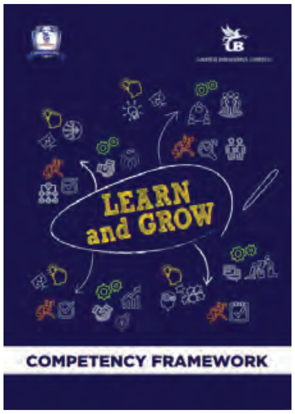
Heineken 0.0 made its debut in India across key markets, with its TVC running across high impact programs and youth affinity channels.

KINGFISHER FORAYS INTO THE NON-ALCOHOLIC SEGMENT

In June 2018, the name synonymous with beer in every Indian home, brewed a refreshing twist in its tale. Kingfisher unveiled its first-ever alcohol-free drink - KINGFISHER RADLER. Manufactured at UBL Nalanda in Patna, Kingfisher Radler is made with 100% natural ingredients. It has approximately 30% less sugar than regular carbonated soft drinks (CSDs), and the goodness of fresh malted barley and real fruit juice. It is available in 3 flavours - Ginger Lime, Lemon and Mint Lime.

Kingfisher Radler initially launched in the states of Gujarat and Karnataka, is now available across major states and cities in India. It is being advertised on television channels and digital platforms. Tie-ups with Metro, Big Bazar and other retail chains have ensured good presence for the brand. Sampling at outlets, youth hangout places, food delivery apps and festivals have ensured trials on the brand.

HUMAN RESOURCES



COMPETENCY FRAMEWORK

A level-wise competency framework has been designed for the entire organisation with the help of leadership interviews, focus group discussions with employees of different levels, and behavioural event interviews with our high performers.

This competency framework will help the organisation in assessing current and future talent capability. It will also help in highlighting specific strengths to be further developed and flag critical skill gaps for mitigation.

DEVELOPMENT CENTRE

55 senior executives of the organisation underwent a three day training at a Development Centre in November and December.

This helped in:

- Identification of individual areas of strength and development
- Developmental feedback from a Coach and a Manager
- Creation of detailed individual development plans to identify areas of improvement

DIGITAL ATTENDANCE SYSTEM FOR WORKMEN

We have digitised the attendance system for permanent workmen and contract workers, in collaboration with Starlink.

The system enables the organisation to manage attendance, overtime and invoice computing for permanent workmen and contract workers. It will also greatly help in adhering to statutory compliances.

This covers close to 8,000 workmen across all the breweries in the country.

ONE-STOP TRAVEL SOLUTION

We have launched the all-new 'UBL Travel Portal' in association with Thomas Cook India Ltd. in December 2018.

The newly designed system provides a 'One Stop Travel Solution' to all the employees. With the help of this portal employees can now book flights, hotels, cabs, trains and buses. This portal also allows employees to submit expenses incurred towards business travel.

GREAT MANAGERS AWARD

United Breweries Limited has been awarded for being one of the 'Companies with Great Managers' in India, based on our participation in the survey for 'The Great Manager Awards' conducted by People Business.

One of our employees, Khusboo Verma from the Institution Sales team in Pune, was adjudged as one of the winners in the category 'Women Great Managers'.

The awards were given away on 4th October 2018, at Mumbai, in the presence of 250 senior professionals, along with the best managers from across the country.

STRENGTHENING GOVERNANCE

In our endeavour to provide an ethical workplace to all employees, UBL has framed a robust policy on our Code Of Business Conduct (COBC) and Prevention of Sexual Harassment (POSH).

It is mandatory for all employees at all levels to complete an online course on COBC and POSH every year to refresh their learnings.

Last year, we also conducted instructor-led COBC workshops for over 1,300 executives to take them through the basic tenets of our policies on alcohol consumption, gifts, whistleblowing (Speak Up) and POSH (Abhay). The workshops were well received by the participants and helped them build a common understanding of all the policies listed. under COBC.

INDUSTRIAL RELATIONS

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

There has been zero down-time on account of any employee-related issue in the last 4 years.

In 2018-19, we have signed six long-term settlements at our breweries.

MANUFACTURING

KAVACH – SAFETY FIRST SAFETY ALWAYS

As always, we continue to strengthen the safety culture and safety leadership among our employees and contract staff, with a key focus on caring for people. Our safety goal is to achieve no harm to 'People and Equipment'.

Key Summary

- Developed a systematic practice to effectively perform HAZOP – Hazard and Operability Studies and a thorough risk assessment for all the activities in the brewery
- Completed a comprehensive 360^0 machine guard audit for all the breweries to ensure high levels of safety when working on machines and moving parts
- Upgraded the 'Permit to Work' system with a risk assessment of all possible hazards and steps to mitigate them before commencing work

Key Awards

- UBL Chennai & UBL Kuthambakkam were awarded 3-star ratings from the CII for Excellence in EHS
- UBL Chamundi has been awarded a 4-star rating from the CII for Excellence in EHS
- UBL Palakkad was awarded the 1st place by the Kerala State Pollution Control Board for Best Environment Initiatives in the large-scale Industries category

RENEWABLE ENERGY

Taking steps towards continued improvement of our usage of renewable energy sources, a rooftop solar power plant has been installed in three more breweries - Nizam, Kalyani and Ludhiana. This now takes the total number of rooftop solar power plants to eight locations. Our breweries located in Tamil Nadu continue to receive wind energy, while breweries located in Karnataka receive a mix of solar and wind energy. As of March 2019, around 20% of our overall electrical energy usage is through renewable energy sources.

TOTAL PRODUCTIVE MANAGEMENT - UDAAN

My Way – TPM Way

My Way – TPM Way continues to drive our daily lives in 19 of our breweries. Various initiatives in improving operational efficiency (Operational Performance Indicator), and reducing CO_2 consumption and caustic consumption have delivered excellent results. The Increased Operational Performance Indicator has assisted in providing additional capacity without capital expenditure to meet market demand.

Key Highlights: 2018-19

- Enhanced employee engagement through continuous development of teams at breweries by conducting various training programs
- The Mysore brewery won the 2nd Prize in the Innovative Kaizen Category at the 32nd Kaizen Competition organised by CII at Pune in April 2018
- The Aurangabad brewery won the 1st Prize in the Renovative Kaizen Category at the 33rd Kaizen Competition organized by CII at Chandigarh in August 2018

Best Kaizen Award - Aurangabad Brewery (Ellora)

Best Kaizen Award - Mysore Brewery

FOOD SAFETY MANAGEMENT SYSTEM (ISO 22000)

ISO (International Organization for Standardisation) is a worldwide federation of national standards bodies. ISO 22000 is a Food Safety Management System that can be applied to any organization in the food chain. As the introduction of food safety hazards can occur at any stage of the food chain, adequate control throughout is essential. At United Breweries, we recognize the importance that this system can bring to the safety of our products, thereby safeguarding our consumers against any hazards. Hence, it has been wholeheartedly embraced at UBL. Last year, the only Unit (UBL Mangalore) which had not been certified for this standard, cleared the audit and is now certified by TÜV SÜD SOUTH ASIA PRIVATE LIMITED, one of the leading German international inspection, testing and certification bodies. It is headquartered in Munich, Germany and they are represented in more than 30 countries and 600 locations around the world, as a truly global solution company. As of today, all UBL owned breweries are ISO 22000 certified.

The standard requires that the organisation implements prerequisite programs and HACCP (Hazard Analysis & Critical Control Point). Therefore, all our raw material, additives and processing aids, are procured from suppliers who have been certified by FSSAI (Food Safety & Standards Authority of India). Our commitment to food safety has been rewarded by Confederation of Indian Industries (CII). UBL Aurangabad has been recognized with a 'Letter of Appreciation for Food Safety Commitment', after an exhaustive three day audit. The announcement and presentation of awards was made during CII Food Safety and Quality Summit held in Delhi.

Last year, FSSAI had mandated Food Safety Training & Accreditation (FoSTAC) for all central and state licensed Food Business Operators (FBOs). The mandate requires one 'Food Safety Supervisor' for every 25 food handlers. Regional training was conducted for the identified 'Food Safety Supervisors' across all the 21 UBL owned breweries. A total of 66 participants were trained across the country.

UBL is now compliant with FSSAI guidelines on 'Food Safety Supervisors' at all its owned units.

NATIONAL SENSORY PANEL

The National Sensory Panel has been constituted with brewers and quality personnel basis their flavour recognition scores. This is conducted every month, where all the brands produced across the 30 breweries are evaluated and the outcome of these sessions are used to improve the consistency in beer quality across India.

Beer sensory is one of the key factors in improving the beer quality. Flavours are derived from raw materials (malt, adjuncts, hops, and water), but the larger majority is derived from yeast, during fermentation. Chemical and physical methods of analysis can provide a great deal of information about these compounds. However, no instrument has been able to replace a 'trained taster'. It is very important that the unwanted/off flavour gets detected at the right time so that flaws can be corrected in either the ingredients or brewing process. Improving one's sensory skills is a demanding task. Hence, keeping this objective in mind, many efforts are carried out in order to enhance beer sensory and judging.

CORPORATE SOCIAL RESPONSIBILITY

United Breweries Limited's Corporate Social Responsibility (CSR) focuses primarily on sustainable improvement for all stakeholders. We believe in growing our business on an environmentally and socially responsible footing.

UBL is committed to being a “water neutral” company by 2025, and we have already created a recharge potential of 83% for our production needs. Water conservation is one of the main pillars of our CSR programme, and we are working on five major projects rejuvenating 13 water bodies across five states in India. Rainwater harvesting for individual beneficiaries has been taken up in four villages located in the Nandi Gram Panchayat in Karnataka.

Considering the importance of improving basic education in rural India, we have taken up primary education programmes around our own breweries as one more initiative. UBL adopts Government schools close to its manufacturing units and supports them by improving infrastructure, and focusing on the quality of learning being imparted to students.

As one of the country’s leaders in the AlcoBev industry, we also understand our social responsibility in spreading awareness about the ‘responsible consumption’ of alcohol. To that end, we organised a ‘Responsible Consumption’ programme at our breweries, aimed at educating truck drivers.

WATER

Karnataka

Nandi Gram Panchayat, Chikkaballapur
Nandi Lake Rejuvenation:

Nandi Lake has a capacity of 4 Lakh KL and is spread across an area of 27 acres at the foot of Nandi Hills. Due to illegal blocking of the inlet channels, the lake has dried up over the years. A needs assessment was conducted in 2017-18 with work starting this year. The work involved clearing up of the dense forestation of bushes and trees, relocation of electric poles passing through the lake to the periphery. Levelling work has been done for the entire lakebed. A 600m long embankment was constructed to strengthen the bund. The three inlet channels carrying rainwater from the surrounding hills to the lake were cleared.

“Desilting of the tank, levelling, jungle clearance and inlet cleaning is definitely going to have an impact on the water availability. There are more than hundred bore wells in and around Nandi village. Currently even at a depth of 1,000 ft., no water is available. But once the Nandi lake is full of water, this will help recharge bore wells and wells in the villages and more than hundred hectares of the land can come under cultivation again”.

-Muniyappa, *Sultanpet village*

Gundu Thopu and Kalyani:

Gundu thopus are primarily green spaces that are capable of small-scale production of forest products and serve as points of bird-watching and bushwalking. In addition to the trees, these spaces support considerable flora and fauna, including birds, butterflies and ants. Trees were planted, irrigation sprinkles and drips were mounted, and a 222 KL pond was cleaned to improve the ground water levels in the surrounding areas.

An old pond with stepped well like those found outside temples for bathing, cleansing and offering prayers, locally known as a 'Kalyani' having approx. 1300 KL capacity was also cleaned and restored. This is now used for swimming and recreational purposes by the children in the vicinity.

Rooftop Rainwater Harvesting for Individual Beneficiaries:

Rooftop Rainwater Harvesting in the four villages of Nandi Panchayat aims to cover 350 households over three years. This includes installing the setup and the construction of 4,000 litre tanks with hand pumps. 50 households were covered in the previous financial year and another 135 were done in this year.

Mysore

Safe Drinking Water and Sanitation Improvement

Last year, UBL initiated the project for provision of safe drinking water and improvement of sanitation and hygiene in 11 villages. Water treatment plants have been established in eight villages.

UBL has raised awareness to make the villages Open Defecation Free (ODF) and provided INR 5,000 to families with no toilets to help them construct one. 100 toilets have been constructed so far under the scheme.

In this financial year, the efforts centred on improving sanitation in the adopted villages included the following:

- Distribution of 8,500 individual dust bin, two for each household, one each for wet garbage and dry garbage covering a total number of 4,250 households
- 200 community dustbins with each dust bin covering 20 families
- Strengthening the garbage disposal management practices by Panchayat
- Promoting community ownership by regularising the process

Bagepalli

Safe Drinking Water Project

Bageppalli is situated on top of an over-exploited aquifer and hence, is struggling for safe drinking water. The town largely depends on the ground water which has high TDS levels.

A safe drinking water project was undertaken in Bagepalli wherein two RO water plants, at the Government Boys' School and the Government Hospital, have been installed.

Punjab and Rajasthan

Ludhiana and Patiala, Punjab
Shahjahanpur, Rajasthan

Water Conservation through Rejuvenation of Ponds with Participatory Community Engagement

Unhygienic ponds which collected wastewater and garbage from different places in the village were selected through scientific investigation and based on their close proximity to UBL plants. Under this project, the selected pond sites were dewatered, cleaned, landscaped and taken up for rejuvenation. Injection wells were built in the ponds for groundwater recharge. The wastewater is now managed in such a manner that it does not find its way straight into the pond and the groundwater levels are recharged by clean rainwater entering the pond.

Village Development Committees (VDCs) formed under this project for each site comprised of active members of the community with adequate female representation. The project would be handed over to the village community on completion and this committee would be responsible for maintenance of these rejuvenated ponds.

The project has led to:

- Increased awareness in the community with respect to the value of water conservation; importance of recharging the depleting groundwater and pond rejuvenation
- Estimated water recharge potential of about 19,51,475 KL per year and the total beneficiaries are 13,614 in eight villages close to our operations
- Parks and walking trails for better health outcomes

Haryana

Dharuhera

In line with its larger goals, UBL has undertaken a water conservation project in Dharuhera to develop and rejuvenate village water bodies i.e. make ponds usable and ready for rainwater harvesting and conservation. The project also aims to provide inlets to improve the ground water table sustainably in three villages - Joniawas, Kapadiwas and Khatawali. This project will benefit 6,700 members of these villages by creating a combined recharge potential of 9.5 lakh KL.

The revival plan for the water bodies is as follows:

- Dewatering and desilting the pond for deepening purposes
- Repair and construction of pond walls
- Preparing and strengthening safety mud walls
- Preparing ramps for inlet channels
- Construction of recharge shaft
- Capacitate local self-government
- Putting up signages and wall paintings for raising awareness

EDUCATION

Karnataka

Mangalore

Mid-Day Meal Programme

In partnership with Akshaypatra Foundation, UBL continued to support mid-day meals for 1,666 children in Mangalore. This contribution towards the betterment of the children has inspired them to chase their dreams and has a direct impact on their academic progress and nutritional standards.

In this financial year, lunch was provided on all 230 school working days for the planned 1,666 students and also an additional 159 students.

"The meals served are hot and tasty, I like rice, sambar and chips the most. There are a lot of vegetables in the meals, I feel that having the meals has improved my health. My parents are also happy that I receive lunch at school"

-**Radhika,** *Standard 9, Abyasi High School, Hampankatte*

Nandi Gram Panchayat, Chikkaballapur

Infrastructure improvement was carried out in three Government schools. Water proofing has been done for one of the classrooms of a primary school to give the students a roof that's safe from seepage to study in. Rooftop rainwater harvesting units have been installed in two schools. Additionally, toilet repairs were undertaken in two schools.

Maharashtra

Nagpur

Infrastructure Development: Construction of Multi-storey building for Sevanand School

In Nagpur, the Sevanand School (Mahadula Koradi) is undergoing a complete infrastructural transformation. UBL is constructing a multi-storey building which will provide sufficient space for facilities like classrooms, library, computer centre, digital learning, etc. under one roof. The modern infrastructure will generate enthusiasm among the students of the village to attend school and help in the overall development of the village.

Aurangabad

Basic Facilities in imparting Quality Education in Zila Parishad Schools

Six sets of computers, tables and chairs were provided to the Zila Parishad schools of Ghanegaon and Lauki Village. Additionally, three computer sets in the school at Vitawa were repaired and upgraded with new hardware and software.

E-Learning (Smart Education Kit) sets

E-learning sets have been installed in every television set and computer in the three Zila Parishad schools. These sets have a pre-installed syllabus for every class as prescribed by the Government of Maharashtra.

Additionally, television sets and sound systems have been installed in the two schools. Boundary walls of the Ghanegaon school were painted with attractive content to aid learning through visuals.

Goa

Bethora

Providing Basic Infrastructure Facilities to Anganwadis

In line with UBL's commitment towards improving the education experience of children in Government Schools, we supported 92 kids in three Anganwadis of Bethora, Coddar and Mestwada villages. We provided them with tables, chairs, display for different study materials, poems, soft toys, and slide for each Anaganwadi.

RESPONSIBLE CONSUMPTION OF ALCOHOL

With a major rise in the number of drink-and-drive cases, sensitisation on effects of alcohol abuse is the need of the hour. Being one of the leading AlcoBev companies in India, UBL has given utmost importance to ensure responsible consumption of alcohol. Truck drivers are the most critical, forming the human backbone of this chain and highly vulnerable to drunken driving. UBL launched a "Responsible Consumption of Alcohol" programme in 2017 to reach out to the truck drivers in UBL's supply chain.

This year UBL covered 13 units, 8 states and 1,890 truckers. These training programmes saw participation from brewery team members, government officials from the excise, traffic departments, etc. in addition to the truck drivers.

Additionally, UBL collaborated with The Times of India and undertook the #TakeTheBackSeat Campaign to promote responsible drinking during the festive season around New Year's Eve in December 2018.

Directors' Report

Your Company's Directors have pleasure in presenting this Annual Report on the business and operations of the Company and the audited accounts of United Breweries Limited ('UBL' or 'your Company' or 'the Company') for the financial year ended March 31, 2019 ('the year under review', 'the year' or 'FY19').

FINANCIAL SUMMARY

Financial performance for the year ended March 31, 2019 is summarized below:

(Amounts in Rupees million)

FINANCIAL RESULTS	Year ended March 31	
	2019	*2018*
Gross Turnover	**141,368**	*124,383*
Net Turnover	**64,724**	*56,287*
Other Income	**317**	*130*
EBITDA	**11,695**	*9,141*
Depreciation and amortization	**2,598**	*2,596*
EBIT	**9,097**	*6,545*
Interest	**312**	*477*
Profit before Taxation	**8,785**	*6,068*
Provision for Taxation	**(3,157)**	*(2,128)*
Profit after Tax available for appropriation	**5,628**	*3,940*
Appropriations:		
Dividend on Equity Shares (including taxes thereon)	**637**	*366*
Transfer to the General Reserve	**563**	*394*
Indian Accounting Standards (Ind AS) 115 Adjustment	**55**	*NIL*
Other Comprehensive Income	**19**	*31*
Balance your Directors propose to carry to the Balance Sheet	**4,354**	*3,149*
Total appropriations	**5,628**	***3,940***

The financial statements for the year ended March 31, 2019 have been prepared under Indian Accounting Standards (**"Ind AS"**) pursuant to notification by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 for implementation with effect from April 01, 2016.

The Gross turnover of UBL grew by 14% on account of increased Sales ahead of industry growth. Interest cost decreased by 35% due to better working capital management. EBITDA for the year under review stood at Rs. 11,695 million as compared to Rs. 9,141 million in the previous year, reflecting an increase of 28%. Depreciation for the year was Rs. 2,598 million as compared to Rs. 2,596 million in the previous year.

Profit before Taxation for the year stood at Rs. 8,785 million as compared to Rs.6,068 million in the previous year, reflecting an increase of 45%. Profit after Taxation stood at Rs. 5,628 million as against Rs. 3,940 million in the previous year.

DIVIDEND

We take pleasure in proposing a dividend of Rs.2.50 per Equity Share of Re.1/- each for the year ended March 31, 2019. The dividend declared for the previous year was Rs.2/- per Equity Share of Re.1/- each. The total dividend (including dividend tax) is Rs.797 million, which amounts to about 14.16% of the Profit after Tax.

RESERVES

UBL proposes to transfer Rs. 563 million to the General Reserve.

CAPITAL

The Authorized Share Capital of the Company stands at Rs.9,990 million, comprising Equity Share Capital of Rs. 4,130 million and Preference Share Capital of Rs.5,860 million. The Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2019 remains unchanged at Rs. 264.4 million comprising 26,44,05,149 Equity Shares of Re.1/- each.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Beer Industry in India remains highly regulated with high taxation, restrictions on cross border movements, constraints on production, retailing and other barriers. In many parts of the country, wholesale and/or retail distribution is controlled by State Government monopolies. Also, in over 60% of the markets, State Governments dictate the price at which beer can be sold.

The beer market in India continues to be in its growth stage. The Industry has evolved from manufacturing standard beers such as strong and lager beer to flavoured and variety beers in line with trends in other developed countries. Beer has become one of the most popular alcoholic beverages in the country over the past two decades. There are more than 140 beer brands available in India to address the palate of various consumer segments. Majority of beer market growth is driven by young consumers, who consider beer a trendy drink, compared to other traditional spirits.

Strong beer which has an alcohol content between 6% and 8% dominates the beer market accounting for over 85% of the total beer consumed in India. Super Premium beer segment, within both the Strong and Mild beer categories has been growing faster than the overall beer industry and has grown at a Compounded Annual Growth Rate (CAGR) of almost 30 per cent over the last three years. The Indian beer market continues to grow in line with expectations. Industry volumes grew at a CAGR of 8% during the last five years. There has been a trend of emergence of brew pubs in large cities such as Bengaluru, Pune and Gurgaon over the last few years. These outlets have introduced consumers to new types of beers for e.g., wheat beer.

The major growth drivers in the Indian beer market are growing consumption of alcohol owing to rapid urbanization and favourable demographics in the country. Beer is gradually being more accepted as a social drink and the urban youth in particular, favour it. In combination with young demographics, rising disposal incomes and warm climate of the country, we believe in the long-term growth prospects of the beer market. Also, the per capita consumption of beer is about 2 litres and has a huge scope for improvement. However, increase in raw material prices, availability constraints (bottles, barley, etc.) and restrictions applied on advertising pose huge challenges for industry growth. UBL has however overcome these challenges and continues to make efforts to not only strengthen its market position, but also retain its edge in this highly competitive market.

Geographically, South India accounted for the largest market share of more than 42% in terms of beer consumption. North India and Western India are expected to be fastest growing markets owing to growing number of urban cities in these regions and presence of favourable demographic factors. The maximum levels of beer consumption in India are observed in the southern states. A healthy growth rate for the beer industry is an indication of the huge potential of opportunities open for breweries and beer brands marketing and/or manufacturing in India.

Sales and Marketing

UBL's Flagship Brand 'Kingfisher' is a widely accepted brand and is one of the strongest players in the Indian Beer market, in terms of volumes and brand equity. UBL continues to satisfy its customers with a mammoth range of quality products and innovative strategies with the ultimate aim of remaining at the fore-front of the highly competitive Indian beer market.

Kingfisher Strong is the largest brand in the country, with a volume of over 100 million cases. Kingfisher Premium is first choice of mild beer consumers across the country, with a sale of over 36 million cases. The super-premium brands in our portfolio viz., Kingfisher Ultra, Kingfisher Ultra Max and Heineken are amongst the fastest growing brands in the Indian market.

UBL's recent launch, 'Kingfisher Storm' has crossed 3 million cases in sale in it's first full year in the market. Kingfisher Storm has highly differentiated and disruptive packaging along with a smooth, refreshing taste profile.

Catering to the growing demand for a premium International strong beer in the Indian Market, the Company launched the iconic Dutch beer brand Amstel. Amstel is a slow brewed and extra matured lager, internationally appreciated for its quality and enjoyed in over 100 countries across the globe.

In the last quarter of 2018, the Company entered the 'Non-Alcoholic Beverages' segment by launching Kingfisher Radler, a soft drink with 0% alcohol and as much as 30% less sugar compared to similarly placed products. Kingfisher Radler is available in three flavors namely, Ginger Lime, Lemon and Mint Lime. Segment wise performance is mentioned on page no. 114 of this report.

Additionally, the Company is also in the process of introducing 'Heineken 0.0', a non-alcoholic beer in various markets. Launched in Netherlands in May 2017, Heineken 0.0 has been introduced in over 30 countries globally. It is now being introduced to Indian consumers as well.

Kingfisher Ultra and Kingfisher Ultra Max continues to gain traction with their association with various Fashion and Style platforms. Ultra Shorts, our in-house created web series has had several stories and web episodes released, with a combined viewership of over 30 million.

Heineken, being one of the fastest growing brands in UBL's portfolio, has established itself as one of India's most premium brands. It is being promoted by leveraging its association with Global marketing platforms of Football (UEFA Champions League), James Bond and Music.

The Company continues sustainable associations for *Kingfisher* in the fields of Sports, Food, Fashion and Music. The Company is proud to be associated with several teams competing in the Indian Premier League T20 Cricket Tournament and also supports 2 of the major teams participating in the ISL football tournament. Your Company is a key partner of the Sunburn EDM festival. The Company's association with restaurants/bars/pubs/clubs/star hotels/night clubs continues to thrive. Through its large portfolio of brands, the Company has creatively worked on digital and television communication around the food platform.

The Kingfisher Calendar continues to maintain its high aspirational value. We have created excitement around this property and leveraged it on digital platforms in a large way. We have also launched Pitchers, India's leading Nightlife App, in Mumbai, Delhi, Gurugram, Bengaluru, Hyderabad and Pune. This App provides great utility to users and is also leveraged by us during specific consumer activations.

Supply Chain

Manufacturing expenses for the FY19 amounted to Rs.30,174 million, representing 21% of sales, as against Rs.26,529 million in the previous financial year, which also constituted 21% of sales. Tight cost control measures, expanding footprint for premium brands and cost-saving projects across the manufacturing footprint have helped us achieve this in an environment of relatively high inflation especially for commodities and bottles.

Bottles remain our biggest cost element. FY19 warranted higher new bottle injection, due to double digit growth in overall volume and significant growth in premium brands. Due to lower capacity of new glass in the domestic market your Company has tied up with new overseas glass suppliers in FY19 and blocked additional new capacity at domestic suppliers for FY20. This keeps us geared up for future volume growth. Recycled bottle collection continues to remain a key focus area.

Capacity expansion has been done in our breweries in Telangana, Karnataka & Rajasthan. Manufacturing footprint for premium brands has been expanded significantly in FY19 to cater to increasing demand and gain benefit of favourable sourcing options.

Barley-malt, the basic raw material in the manufacture of beer, has been under stress due to higher prices of competitive crops. Apart from procuring barley-malt locally, your Company also imports barley from other countries. Processing of malt from imported barley for Heineken brand has been started in FY19. This gives us significant advantage in cost against imported malt and flexibility in sourcing.

Key material imports for premium brands (ring pull) has been localized and two-third of our supplies for FY19 were sourced locally. We have value engineered "can lids" and switched to lower weight "can lids" pan India. Increased loadability and salience of larger capacity trucks for finished goods movement in FY19 has resulted in optimization of overall freight cost.

Our continual work with farmers in helping them cultivate barley, provide them with good quality seeds and offer a package of good practices is yielding great results. We procured highest ever quantities of our own varieties of "two row barley" in FY19. Cultivated area under our varieties of barley increased by 35% in FY19.

Research and Development

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

Human Resources

Human Resources (HR) develops UBL's most important asset – our people – by empowering and enabling them to deliver remarkable business performance. UBL's learning and development initiatives are geared to build UBL's talent and leadership pipeline and prepare a future ready team. The organisation fosters an open and transparent culture which drives innovation and nurtures entrepreneurial spirit amongst the employees.

Sophisticated HR systems, contemporary policies and open communication contribute towards healthy work-life balance. Celebration is a way of life at UBL-we celebrate each and every milestone, big or small.

The Company has a robust, code of business conduct policy, which sets out the Company's values, responsibilities and ethical obligations and also provides us with guidance for handling difficult ethical situations related to the business. We also encourage our employees to report any violation of the code via a third party managed online platform named Speak Up.

UBL participates in an engagement survey every year to understand and rank the drivers of engagement, satisfaction and team effectiveness. The talent pool of the Company is refreshed from time to time by infusing new hires from premier colleges of the Country.

Industrial Relations continue to be harmonious and peaceful at all levels and at all locations of the Company. Timely Long-Term Settlements are done to ensure continuity in healthy industrial relations. There are no material developments in the areas of Human Resources or Industrial Relations front.

UBL has 3042 employees on its rolls across all locations. The Company has not offered any stock options to the employees during the year under review. All the wage agreements have been renewed in a timely manner and are valid and subsisting. Workers and unions support implementation of reforms that impact quality, cost and improvements in productivity across all locations, which is commendable.

Total employee benefit expenses for the year stood at Rs. 4,439 million, as compared to Rs. 3,946 million in the previous year. This constituted 3.1% of revenue from operations. Your Directors place on record their sincere appreciation to all employees for their contribution towards the continuous success of the organization.

Significant changes in Key Financial Ratios

Following are the Key Financial Ratios, where variance of more than 25% is noticed as compared to the previous financial year;

Interest Coverage Ratio: EBITDA 19 times interest in 2017-18, improved to 37 times in 2018-19, on account of EBITDA growing at 28% while interest costs dropped 35%.

Debt Equity Ratio: Net debt which was 11% of Shareholder funds as on March 31, 2018, stood at 5% as on March 31, 2019, as a result of net debt dropping 43%, on account of capital expenditure, working capital increase and debt repayment being met out of internal accruals, while shareholder funds increased 18% on account of an extraordinary 43% growth in net profits.

Net Profit Ratio: Net profit ratio increased from 3.17% in 2017-18 to 3.98% in 2018-19, primarily on account of better state and brand mix.

Return on Net worth: Return on Net worth increased from 15% in 2017-18 to 18% in 2018-19 as a result of an extraordinary 43% growth in net profits.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

As part of the Corporate Social Responsibility initiatives, UBL continues to invest in the community it operates within, in several ways. The Company has been able to build a very robust CSR programme focused on driving social impact in a sustainable manner over the last five years. Your Company and its employees continue to be committed to social and environmental concerns of the nation, while working on the financial pursuits of the business.

UBL's intent is to ensure a close alignment between the core commercial goals of the business and the maximum possible social and economic benefit achievable. UBL deploys the 4R strategy of Reuse, Reduce, Recycle and Recharge for efficient use of water. The Company is moving towards extensive usage of energy generated from renewable sources to minimize environmental impact. It has also set out to address important issues associated with responsible consumption of alcohol. It has commenced this initiative with a programme to engage with key stakeholders of our business.

Your Company has integrated CSR in its corporate strategy and intends to drive it with a vision to bring about sustainable social development for its co-communities. We operate out of a large number of locations across the country that are characterized by non-uniformity in levels of awareness, socio-economic development, education, poverty, practices and rituals. While India is a very large country with a multitude of social issues and concerns, your Company has decided to focus on communities residing in the vicinity of its breweries as a starting point for its CSR interventions. The CSR Policy of the Company is posted on the website www.unitedbreweries.com and is available through the weblink http://unitedbreweries.com/csr.

Under the Safe Drinking Water Programme initiated in 2015, another 10 villages in the state of Karnataka have been covered this year. The programme has reached out to 59 villages through 47 water plants and 1565 household water purifiers. In addition to implementing rainwater harvesting and watershed management projects in and around the breweries, recycling of the treated waste water continues within the breweries. The water initiatives have benefitted over 2,00,000 people.

Your Company intends to be a Water Neutral Organization by 2025 and the efforts have been focused in this direction. 11 water bodies have been rejuvenated in the States of Haryana, Punjab, Rajasthan and Karnataka. Rooftop rainwater harvesting has been undertaken in 100 houses in Nandi village in the foothill of Nandi hills. In the cumulative effort to recharge the freshwater consumed by the breweries, by March 2019, the Company was able to create a recharge potential for 84% of the water consumed. Our water conservation efforts have resulted in the recharge of over 47,19,083 KL water per year.

UBL's initiatives in the field of education have been in tandem with its endeavours to enhance the educational experience and improve the quality of primary education for children, especially from the underprivileged sections. Breweries across the country have adopted neighbouring Government schools and supported them in meeting their requirements on a regular basis. In addition to this, focused education projects have been implemented in Rajasthan and Karnataka. Your Company continues to support 10 government schools in Rajasthan and maintain the science centres established in one school in Rajasthan and 8 schools in Karnataka. Infrastructure development for a rural school in Nagpur, Maharashtra has been initiated last year. The education initiatives benefit over 12,000 school children. Mid-day meals have been supported for 1,666 children in 23 Government schools of Mangalore.

In the last year, your Company, conducted a week long awareness programme on "Responsible Consumption of Alcohol" for truck drivers associated with UBL, at 13 of its breweries in Tamil Nadu, Kerala, Andhra Pradesh, Maharashtra, Goa, Punjab and Rajasthan. The awareness programme was conducted with a goal to make them aware of the implications of drunk driving on their financial and social wellbeing and received an overwhelming response in terms of positive feedback from the truck drivers. Over 2,500 truck drivers linked to the supply chain have been covered through this programme. UBL is strengthening its endeavours on promoting responsible consumption and water stewardship in the communities. The Company is proud of the fact that many of the leading rating agencies have recognized its achievements and progress with excellent ratings and have acknowledged us as one of the future ready companies. Building on this foundation, UBL will continue to work with the partners to promote sustainability along the entire value chain.

The Company has received recognitions and awards on national platforms for its CSR initiatives. UBL's CSR received the SKOCH Order of Merit for qualifying among top CSR projects in India for Ecological Restoration of Water Commons and Natural Resource Management. It received HR Excellence Awards 2018 for leading practices in Corporate Social Responsibility conferred by People First. The Company's water conservation programme was also awarded with ET Now CSR Leadership Award for 2018.

The Business Responsibility Report in the format prescribed under the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") is annexed as **Annexure-A**. Annual report on CSR activities in terms of the Companies Act, 2013 (the Act) and the Companies (Corporate Social Responsibility) Rules, 2014, is annexed as **Annexure-B**.

Sustainability

UBL's sustainability reporting articulates its perspective on the emerging forces in the global sustainability landscape and UBL's response on multiple dimensions like economic, ecological and social sustainability. We articulate key issues as well as opportunities that emerge and update our engagements. We are continually working towards reducing our water and energy consumption and adopting renewable sources of energy thereby reducing our carbon footprint.

Green Energy

UBL has adopted Green Energy usage to reduce dependence on conventional electrical power. During FY19, the Company utilised 9.86 million units of electricity from solar energy at eleven breweries and an additional 17.09 million units of electricity from wind energy at our five breweries in Karnataka and Tamil Nadu. This shift from conventional to renewable sources of energy has helped us reduce our carbon footprint substantially to the tune of 25,438 MT of equivalent CO_2.

Overall renewable energy consumption for electricity usage for FY19 stood at 20.8% out of total electrical power consumption for own breweries and 17.5% against total power consumption at our own and associate breweries.

Awards

1) **Pollution control Board:**
   - Our brewery at Palakkad bagged the first position from Kerala State Pollution Control Board under large scale Industries category for initiatives towards environmental protection.
   - Our brewery at Aranvoyal (Thiruvallur District) bagged the "Green Award" from the Tamil Nadu State Pollution Control Board for initiatives towards environmental protection.

2) **Confederation of Indian Industry Southern Region Environment, Health and Safety (EHS) Excellence Awards:**
   - Our brewery at Nanjangud (Mysore) is awarded four-star rating for best EHS practices demonstrated.
   - Both our breweries (Aranvoyal and Kuthambakkam at Thiruvallur District) are awarded three-star rating for best EHS practices demonstrated.
   - Our brewery at Palakkad (Kerala) is awarded three-star rating for best EHS practices demonstrated.

3) **Society of Energy Engineers and Managers (SEEM) Awards**
   - Our brewery at Nanjangud (Mysore) won the Gold category award for energy conservation initiatives.
   - One of our breweries in Aurangabad (Ellora) won the Silver category award for energy conservation initiatives.

4) **Kaizen Institute**
   - Our brewery at Nanjangud (Mysore) won the "Special Recognition Award" for the case study presented on "Water reduction journey" at the 10th National Operational Excellence conference "INDIZEN" organized by Kaizen Institute at Pune.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

The Indian Alcoholic beverages market is dominated by spirits with whisky being the largest segment, followed by brandy and rum. Beer accounts for about 10% of the total alcohol consumed in India. The total market size of beer by volume was about 360 million cases in year 2018-19. The beer market is growing at about 8% per year. The major factors leading to growth are the economic development achieved by India which has increased the disposable income of consumers.

Compared to various International markets and even compared to other markets in Asia, beer penetration is very low in India. Beer accounts for a very low share of consumption compared to other alcohol products. Such low consumption along with the cultural change that is being witnessed, higher disposable income and demographics offers a great opportunity for the industry.

While the Indian beer industry presents considerable opportunities for growth, the overall growth is slowed down due to the heavy regulatory environment, lack of retail formalisation, restrictions in trade, negative industry tag, etc. For the States, one of the easiest ways to get higher revenue is to increase taxes and duties on alcoholic products resulting in higher end consumer prices, thereby impacting growth. Beer consumption tends to be extremely sensitive to pricing.

Government regulations in particular pose a significant risk to the overall alcohol market in India, especially for beer. Higher duties imposed by States also remain major concern which is beyond the control of the manufacturers.

There has been a growth of brew pubs in the country as well as the launch of niche craft beer brands in the last few years. This aids in the development of a beer culture in the country. Although India's craft beer industry is still nascent, the craft beer segment and demand for premium beer in general is estimated to be growing at a strong double-digit rate albeit from a low base. Your Company is preparing a craft and variety beer offering of its own to capture growth in this segment.

Despite these challenges, favourable demographics of India is attracting foreign brewers to invest in the beer market in the country. The combination of two international brewers in India recently, has the potential to pose stiff competition. However, your Company is adequately protected from these risks and concerns due to its robust brand portfolio and a loyal consumer base.

Whilst the beer market continues to expand, your Company is looking at the larger beverage consumption occasions to further drive the growth of the business. For most adults the beverage choices for non-alcoholic occasions are limited. We have tapped into this opportunity with a portfolio of non-alcoholic beers that deliver on refreshment and taste. These new offerings will also enable us to enter a much larger retail universe that is today closed to us. Our new offering is being produced at our brewery in Bihar and has been launched in various markets during the 3rd quarter of the last financial year. A separate vertical has been created to drive this business in a focused manner so as to unlock its full potential. This business will contribute significantly to the Company in the years to come.

Whilst these types of products have been introduced by beer companies around the world, your Company is a pioneer in India.

Prospects

Effective marketing strategies have helped us reinforce our position as the clear market leader in the Country. Despite many challenges, the Indian market provides a huge opportunity with its extremely low per capita consumption of about 2 litres when compared to countries like China and US which consume 37 litres and 78 litres of beer respectively per person per annum. Young demographics with 50% of the population below 25 years of age and 65% below the age of 35 years, changing culture and very low per capita consumption are key drivers of growth of beer in India. The industry has been expanding consistently and it is expected that the next year too, the Industry will grow by about 8%. UBL shall continue its focus on innovative and effective marketing to remain at the forefront of this highly competitive market. Your Company is hopeful of outperforming the industry in 2019-20 as well.

Beer is slowly becoming a perfect after-work companion for corporate India. With increasing economic development, the level of anxiety and stress has also increased in Indian corporates and consistently, executives are finding it hard to have work-life balance and are looking for some refreshments in the evening. Beer is observed to be slowly becoming a primary drink for them.

Growth in premium retail trade and on-premise outlets in metropolitan cities has increased the range of beers and improved the retail environment. In few States, the Government has issued separate licenses for sale of beer in super markets which signals good growth prospects for the industry. Innovative introductions also help in penetrating untapped markets and your Company's new introductions have fared well. Our flagship brand, Kingfisher continues to be a leader amongst all beers in India.

UBL continues to invest significantly in brand visibility to sustain high recall for its brands amongst consumers. High profile sponsorships and brand activations have ensured that its brands, especially Kingfisher, retain their iconic status. The Company has a strong route-to-market, combined with a portfolio of market leading brands. UBL also continues to invest in both, capacities and brands.

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

Risk Management

Your Company has in place a robust framework for managing and mitigating various risks. Considering the risks affecting the beer industry, UBL continuously assesses and updates the risk management framework based on changes in the level of risk. To achieve this control, UBL performs risk assessment in which Strategic, Operational, Information Technology, Financial and other Risks are analysed. This is reviewed regularly by the Internal Audit team, Risk Management Committee and the Board. The Management Committee meets regularly to address various risks and mitigation thereof. UBL has evolved a framework for management of business risks. We periodically assess risks in the internal and external environment, along with the potential cost of the risks and incorporate risk management plans in our strategy, business and operational plans.

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

As part of our Corporate Social Responsibility initiatives, UBL has committed to availability of safe drinking water for communities residing in the vicinity of each of its 21 owned breweries. We have been continuously working towards water conservation and minimising water waste by recycling to the extent possible. All our breweries have rainwater harvesting systems in place. From a consumption level of about 6 litres of water per litre of beer produced about a decade ago, we are at a level of about 3.24 litres per litre of beer today. This is lower than the world average of about 4 litres. Some of our newer breweries are at a level of 2.5–2.8 litres of water per litre of beer. This would place your Company amongst the elite of world breweries in the area of water consumption.

UBL has constituted a Risk Management Committee comprising senior Board members. The Committee reviews the risk impact matrix comprising strategic, preventable, external, internal, operational and compliance risks associated with UBL's operations along with business objectives and the actions taken to address these risks. Mitigation plans for such risks are in place and are reviewed periodically. Further, the Assurance Committee comprising functional Heads, reviews identified risks and takes mitigating actions on a quarterly basis. The Company has formulated a Risk Management Policy and has laid down procedures for risk assessment, identification, minimization and mitigation which are presented to the Audit Committee and the Board of Directors on a periodical basis.

Internal control system

UBL has established a robust system of Internal Controls to ensure that assets are safeguarded, and transactions are appropriately authorized, recorded and reported. With the introduction of Internal Controls in Financial Reporting (ICFR) in the Act, we have made an evaluation of functioning and quality of internal controls.

The Internal Financial Control framework of your Company is established in accordance with COSO (Committee of Sponsoring Organizations) framework and is commensurate with the size and operations of your Company's business. In addition to statutory mandate, Internal Audit evaluates and provides assurance of its adequacy and effectiveness through periodic reporting. Controls in place are routinely evaluated and certified by the Internal and Statutory Auditors and gaps are identified by the Auditors through a detailed testing exercise. The process of internal control ensures orderly and efficient conduct of business, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information. Financial Statements are prepared based on Significant Accounting Policies that are carefully selected by management. The Accounting Policies are reviewed and updated from time to time. These, in turn are supported by a set of Standard Operating Procedures (SOPs) that have been established for the business. The SOPs and controls are reviewed by management and audited periodically.

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

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

OTHER INFORMATION

Subsidiary Company

Maltex Malsters Limited is the only subsidiary in which your Company holds 51% of equity capital. Maltex Malsters Limited is a non-listed entity and is not a material non-listed subsidiary as defined in Regulation 16(1)(c) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

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

The consolidated financial statement of the Company including the financial statement of its subsidiary forms part of this Report in terms of the Act and the Listing Regulations. A statement containing the salient features of the financial statement of the subsidiary and associate in Form AOC-1 is attached as **Annexure-C** to this Report.

Cash Flow Statement

A Cash Flow Statement for the year ended March 31, 2019 is appended.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under Section 186 of the Act are given in the notes to the Financial Statements. The Company has not advanced loans to directors/to a Company in which the director is interested to which provisions of Section 185 of the Act apply and has not given loans/guarantees/provided security to which provisions of Section 186 of the Act apply.

Listing requirements

Your Company's Equity Shares are listed on the BSE Limited (formerly Bombay Stock Exchange Limited) and National Stock Exchange of India Limited. The listing fees have been paid to all these Stock Exchanges for the year 2019-2020.

Depository System

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

Deposits

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

Ratio of Remuneration and Particulars of Employees

In terms of sub-section (1) of Section 136 of the Act, the Company has opted to provide full version of financial statements including consolidated financial statements, auditor's report and other documents required to be annexed to such financial statements excluding the details relating to ratio of the remuneration of each Director to the median employee's remuneration and remuneration drawn by certain employees over the threshold etc. as provided in sub- section (12) of Section 197 of the Act read with Rule 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The details provided by the Company are in compliance with Section 136(1) of the Act and includes salient features of Form AOC-3A.

Also, in terms of second proviso to this Section, the Company shall keep open for inspection for all Members, statement relating to above details at its registered office. Any Member interested in inspection of the documents pertaining to above information or desires a copy thereof may write to the Company Secretary. The above details be treated as part of this Annual 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.

Employees Stock Option Scheme and Sweat Equity Share

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

Related Party Transactions

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

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

All transactions entered by the Company during FY19 with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Familiarization programme for Independent Directors

During this year the Company has not appointed any new Independent Director. The existing Board comprises Executive, Independent and Non-Executive Directors who have been at the helm of Management of the Company for several years and are fully conversant with the business and operations of the Company. The Familiarization programme for new Independent Directors as and when inducted shall aim to familiarize them with the Company, their roles, rights, responsibility in the Company, market, business model of the Company etc. The Board of Directors has complete access to requisite information within the Company.

Familiarization is done at the Board Meeting itself where business is discussed at length along with Industry dynamics, Strategic planning and other relevant information. Presentations are regularly made to the Board of Directors/Audit Committee/Nomination & Remuneration Committee on various related matters, where Directors get an opportunity to interact with Senior Managers. The Company has issued appointment letters to the Independent Directors which also incorporates their role, duties and responsibilities. The details of the Familiarization Programme for Independent Directors is disclosed on the Company's website at the weblink: http://unitedbreweries.com/pdf/policyandcodes/Familiarisation%20Programme.pdf.

Whistle Blower Policy

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

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

Conservation of Energy

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

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

Code of Business Conduct and Ethics

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

Code for Prevention of Insider Trading

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

The Board of Directors have approved and adopted the 'Code of Conduct to Regulate, Monitor and Report of Trading by Insiders' and also a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'.

Directors

The Board of Directors of UBL comprises ten Directors, with a balanced combination of Independent and Non-Executive Directors.

In terms of Section 149(10) of the Act, the Independent Directors viz., Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal, Mr. Sunil Alagh, Ms. Kiran Mazumdar Shaw, Mr. Madhav Bhatkuly and Mr. Stephan Gerlich were appointed for a fixed term of five years (First Term) effective September 04, 2014 which term expires on September 03, 2019. The Independent Directors are eligible for re-appointment for another consecutive term of up to five years (Second Term) on passing of a Special Resolution by the Company. Mr. Chhaganlal Jain and Mr. Chugh Yoginder Pal, have expressed their desire to retire from the Board and do not seek re-appointment for another term. Resolutions for re-appointment of Mr. Sunil Alagh, Ms. Kiran Mazumdar Shaw, Mr. Madhav Bhatkuly and Mr. Stephan Gerlich for Second Term of up to five years are proposed to be passed as Special Resolutions in the Notice convening ensuing Annual General Meeting. Their brief profiles form part of the Notice convening AGM.

During the year, 2 meetings of Independent Directors was convened on May 29, 2018 and November 08, 2018. All Independent Directors have given a declaration that they meet the criteria of Independence as laid down under Section 149(6) of the Act.

During the year under review, Mr. Frans Eusman Erik, a Heineken nominee Director resigned from the Board of the Company w.e.f. November 14, 2018, following his change in role in Heineken. In his place Mr. Rudolf Gijsbert Servaas van den Brink was appointed as an additional Director on the Board w.e.f. November 14, 2018. Mr. Rudolf holds office of the Director till conclusion of forthcoming Annual General Meeting (AGM). Resolution for his appointment has been proposed for approval of Members in the Notice of AGM to be convened on August 22, 2019. Also, Mr. Steven Bosch resigned from the Board effective January 01, 2019 following his transfer to a new assignment by Heineken N.V.

Mr. A K Ravi Nedungadi, Non-Executive Director retires by rotation at this AGM and, being eligible, offers himself for re-appointment. Brief profiles of Mr. A K Ravi Nedungadi and Mr. Rudolf Gijsbert Servaas van den Brink forms part of the Notice convening AGM.

Meetings of the Board of Directors and Committees of the Board

The meetings of the Board and Committees are pre-scheduled, and a tentative calendar of the meetings finalized in consultation of the Directors is circulated to them in advance to facilitate them to plan their schedule. In case of special and urgent business needs, approval is taken by passing resolutions through circulation. During FY19, eight (8) Board Meetings were held. Other details including composition of the Board and various Committees and Meetings thereof held in FY19 are given in the Corporate Governance Report forming part of this Report.

Audit Committee

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

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

Nomination and Remuneration Committee

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

Policy on Performance Evaluation

UBL has formulated a Performance Evaluation Policy inter-alia prescribing evaluation criteria for Independent Directors and the Board of Directors of the Company. The Policy is posted on the website of the Company and is available through the weblink http://unitedbreweries.com/pdf/policyandcodes/Directors%20Performance%20Evaluation%20Policy.pdf.

Performance Evaluation of Directors

Performance evaluation of non-Independent Directors, Independent Directors, the Board as a whole and Committees of the Board has been carried out in accordance with the statutory provisions as contained in the Act and Listing Regulations.

To ensure an effective evaluation process, the Nomination and Remuneration Committee has put in place a robust framework for conducting the exercise with key steps and practices defined clearly. Performance of the Board is evaluated on various parameters such as composition, strategy, tone at the top, risk and controls and diversity. Also a questionnaire for Committees is framed on parameters such as adherence to the terms of reference and adequate reporting to the Board. Parameters for the Directors, including intellectual independence of the Director, participation in formulation of business plans, constructive engagement with colleagues and understanding of the risk profile of the Company.

Keeping in view the sensitivity and confidentiality associated with the exercise, an external agency was engaged to anchor the process. As part of this process, customized questionnaires, were circulated to all Directors of the Company. Each Director was required to undertake a self-assessment. Additionally, the effectiveness of the Board and Committees was also evaluated by each member of the Board and Committee. Responses from Directors were submitted through an electronic platform and were kept confidential.

In order to maintain confidentiality of the entire process, the exercise was carried out on an anonymous basis and summary of responses received from Directors was placed and discussed at a Board meeting and individual scores circulated to the Director concerned. Discussions on a one-to-one basis with individual Directors were also organized for those Directors who wanted a more in-depth understanding. Recommendations arising from this entire process will be considered to improve overall effectiveness of individual Directors, Board and Committees.

Remuneration Policy

UBL has formulated a Remuneration Policy laying down the criteria for appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management. The Policy also prescribes the criteria and manner for fixation and approval of remuneration payable to Directors, KMPs and other employees. The Policy is posted on the website of the Company and is available through the weblink http://unitedbreweries.com/pdf/policyandcodes/Remuneration-Policy.pdf.

Dividend Distribution Policy

As required under Regulation 43A of the Listing Regulations, the Company has formulated a Dividend Distribution Policy. This policy can be viewed on the Company's website at www.unitedbreweries.com.

Foreign Exchange Earnings and Outgo

During FY19 total foreign exchange earnings of the Company stood at Rs. 2,467 million (Previous Year: Rs.2,233 million) and foreign exchange outgo stood at Rs. 2,882 million (Previous Year: Rs. 2,694 million).

Corporate Governance Report

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

Annual Return

As required under sub-section (3) of Section 92 of the Act as amended by the Companies (Amendment) Act, 2017, the Company has placed a copy of the Annual Return in Form MGT-9 on its website www.unitedbreweries.com and is available through the weblink http://unitedbreweries.com/pdf/AGM/Annual%20Return%20MGT-9%20-%202018-2019.pdf.

Auditors and the Auditor's Report

Messrs S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004) were re-appointed as Auditors of the Company by the Members at the Annual General Meeting (AGM) held on September 23, 2017 to hold office till the conclusion of the 23rd AGM. In terms of Section 139 of the Act as amended by the Companies (Amendment) Act, 2017, appointment of Auditors need not be ratified at every AGM. Therefore, the Notice convening the ensuing AGM does not carry any resolution for ratification of appointment of Statutory Auditors. The Auditors have confirmed that they continue to fulfil the criteria for appointment as Auditor's of the Company as prescribed under the Act and the Rules framed thereunder.

There are no qualifications or adverse remarks in the Auditor's Report, except for the comments as stated in paragraph (x) of Annexure 1 to the Auditor's Report on Companies (Auditor's report) Order, 2016 and qualified opinion in Annexure 2 to the Auditor's Report on Internal Financial Controls, relating to allegations received by the Company against an employee relating to his involvement in certain irregularities in the procurement of packing materials from certain select vendors.

Based on the initial inquiry on this matter by the management, the service of the said employee was terminated. The Company is conducting a detailed investigation on this matter which is currently in progress. Management is of the view that although the actual financial impact, if any, which may arise from this matter can be ascertained only after completion of the investigation, the amount involved is not expected to material, considering the profitability of the Company. The details on this matter is also disclosed as Note in the standalone and consolidated Ind AS financial statements.

Secretarial Audit

Pursuant to the Section 204 of the Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sudhir Hulyalkar, Company Secretaries, to undertake Secretarial Audit of the Company for the FY19. The Secretarial Audit Report forms part of this Report and is annexed as **Annexure-E.**

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

Details of Significant and Material Orders

No order/s have been passed or stringent action taken by any Regulator or Court or Tribunal impacting the going concern status of the Company. However, we bring to your attention the following developments for sake of transparency.

(i) It is in public domain that United Breweries (Holdings) Limited (UBHL), a promoter of your Company has been ordered to be wound up by Hon'ble High Court of Karnataka vide dated 07.02.2017. We understand UBHL has since filed an appeal against the said Winding-up Order which is pending.

(ii) As per disclosures received by UBL in May 2018 under SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 from a few Promoter companies controlled by Dr. Vijay Mallya, we are informed that 41315690 Equity Shares held by such entities in UBL constituting 15.63% of the total paid up capital have been transferred to the demat account of Enforcement Directorate, Mumbai, Government of India. Earlier, in August 2017, 1389068 Equity Shares constituting 0.52% of the total paid up capital were also transferred to the demat account of Enforcement Directorate, Mumbai, Government of India. The Enforcement Directorate now holds 42704758 constituting 16.15% Equity Shares in the Company. However, UBL has not received any communication from the Enforcement Directorate so far in this regard.

As per the legal opinion obtained by the Company, with respect to such transfer of shares, it is opined that, the Enforcement Directorate has only taken possession of the Equity Shares under the provisions of Prevention of Money Laundering Act, 2002 and these Equity Shares have not been confiscated by the Enforcement Directorate. The transfer of shares, therefore, may not constitute a transfer of ownership.

Further, the Recovery Officer-I, DRT-II, Bengaluru has transferred 7404932 Equity Shares comprising 2.80% of the total issued and paid-up equity share capital of the Company in its name from the demat account of United Breweries (Holdings) Limited which is under liquidation. However, UBL has not received any disclosure from United Breweries (Holdings) Limited in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011. The Recovery Officer-I, DRT-II, pursuant to a block deal through BSE/NSE on March 27, 2019 has transferred 7404932 constituting 2.80% Equity Shares of the Company to Heineken International B.V.

(iii) Pursuant to Order of Debt Recovery Tribunal, Karnataka, Bangalore, dated 30.09.2015, dividend for the financial years 2015-2016, 2016-2017 and 2017-2018 payable to Dr. Vijay Mallya and United Breweries (Holdings) Limited (UBHL) was withheld. The Recovery Officer-1, DRT-II, Bengaluru vide letter dated October 11, 2018 directed the Company to make payment of Dividend for the financial year 2017-18 on Equity Shares held by UBHL in the Company. Further, the Official Liquidator, vide letter dated October 26, 2018 informed the Company that the Hon'ble High Court of Karnataka has directed the Official Liquidator in Order dated 29.08.2018 to collect rent and other income due to UBHL, the Company in liquidation. The Official Liquidator directed the Company to remit the dividend aggregating to Rs.7,83,89,631.10 payable to UBHL to the account of Official Liquidator. Accordingly, the Company has remitted the aforesaid dividend amount to the account of Official Liquidator.

(iv) Effective April 05, 2016, the State Government of Bihar had imposed a ban on sale and consumption of alcoholic beverages in Bihar though it had permitted manufacture of alcoholic beverages for export out of the State vide Notification dated April 05, 2016. The said Notification of Bihar Government imposing ban was struck down by Patna High Court vide Judgement dated September 30,2016. The State Government of Bihar has challenged the Judgement of Patna High Court in Supreme Court which is pending. Subsequently, effective April 01, 2017, total prohibition has been imposed in Bihar State and the commercial production at the Company's brewery located at Kopakalan, Naubatpur, District Patna has been discontinued. The Company has since commenced manufacture of non-alcoholic beverages at its above facility.

(v) On October 10, 2018, certain officials from the Competition Commission of India ("CCI') had visited the Company for their investigation in relation to allegations of price-fixation and performed search of the premises and conducted inquiries with certain officers of the Company at its registered office. Pursuant to this, the Company has made requisite filings and also certain officials of the Company have appeared before the aforesaid authorities. The Company has not received any demand order in respect of this matter and the investigation is ongoing, hence it is not practicable to state an estimate of its financial effect, if any. Management, along-with its legal advisors, are in the continuous process of evaluating this matter and believe that there are mitigating circumstances to counter presumptions made against the Company by the CCI as contained in the Competition Act, 2002.

(vi) Based on a complaint filed by one Mr. Sanjeet Jaiswal on behalf of "Ashok Kumar Jaiswal, Licencee FL-2B, Beehive Alcoveb" (the Licencee) alleging criminal breach of trust for non-supply of goods against payment made in advance, an FIR was registered in Hussainganj Police Station, Lucknow against three employees of the Company. The Company had supplied goods to the Licencee after following due process under the Law.

After investigation, a Final Report was prepared by Police that no case is made out. However, the case was re-opened and a Charge Sheet was filed by Police before the Trial Court on 13.02.2019 against the Company and three other employees of the Company inter alia alleging evasion of Excise Duty on which cognizance was taken by the Trial Court on 13.02.2019. The Company has challenged the criminal proceedings in the Hon'ble Allahabad High Court, Lucknow Bench wherein an interim order was passed by the Hon'ble High Court that "no coercive action will be taken against the applicants, subject to condition for deposit of adequate security regarding allegations of tax evasion, if any, fixed by the Court below within a week from today. It is also provided that applicants will not leave the country without permission of the Court below". In this connection, the Deputy Commissioner of Excise (Law) in his report dated 21.04.2019 filed before the Trial Court has confirmed that there is no evasion of Excise Duty by the Company. Despite a clean report by the Excise Department, the Trial Court directed the Company to furnish Security amount of Rs.45 Lacs which has been furnished by the Company. Further, as directed by the Trial Court, undertakings along with personal bonds of Rs.50 Lac each have been submitted by three employees and the Company Secretary before the Trial Court that they will not travel out of the Country without permission of the Court.

A supplementary Charge Sheet has also been filed by Police before the Trial Court on 03.04.2019 against the Directors and Company Secretary of the Company alleging the charges of economic offence on which cognizance was taken by the Trial Court on 03.04.2019. The Company is in the process of taking appropriate legal recourse to challenge the supplementary Charge Sheet dated and the summoning order dated 03.04.2019 before the jurisdictional Courts.

(vii) During the year, the Company had received e-mails/letter whereby allegations were raised against an employee of the Company relating to his involvement in certain irregularities in the procurement of packing materials from certain select vendors. Based on an initial inquiry on this matter, the service of the said employee was terminated. The Company is conducting a detailed investigation on this matter which is currently in progress. Management is of the view that although the actual financial impact, if any, which may arise from this matter can be ascertained only after completion of the investigation, the amount involved is not expected to be material, considering the profitability of the Company.

The orders/proceedings mentioned above do not have any impact on going concern status of the Company. Impact of (iv), if any, has been addressed in the financial statements forming part of this Report.

UNITED BREWERIES LIMITED

Directors' Responsibility Statement

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

(a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared the annual accounts on a going concern basis;

(e) the Directors have laid down internal financial controls to be followed by the Company and ensured that such internal financial controls are adequate and were operating effectively, and

(f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and ensured that such systems were adequate and operating effectively.

All Annexures referred to in the Directors' Report have been disclosed under the Statutory Information forming part of this Annual Report.

ACKNOWLEDGEMENTS AND APPRECIATION

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

By Authority of the Board

	Shekhar Ramamurthy	**Chugh Yoginder Pal**
May 20, 2019	Managing Director	Director
Bengaluru	DIN: 00504801	DIN: 00106536

Corporate Governance Report

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

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

BOARD OF DIRECTORS

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

Executive Directors

Mr. Shekhar Ramamurthy (Managing Director)

Non – Executive Directors

Mr. A K Ravi Nedungadi
Mr. Christiaan A J Van Steenbergen
Mr. Rudolf Gijsbert Servaas van den Brink*

Independent Directors

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

Nomination and Remuneration Committee

Mr. Sunil Alagh	Chairman
Mr. A K Ravi Nedungadi	Member
Mr. Christiaan A J Van Steenbergen	Member
Mr. Chhaganlal Jain	Member
Mr. Chugh Yoginder Pal	Member

Risk Management Committee

Ms. Kiran Mazumdar Shaw	Chairman
Mr. Shekhar Ramamurthy	Member
Mr. Chhaganlal Jain	Member
Mr. Chugh Yoginder Pal	Member
Mr. Madhav Bhatkuly	Member
Mr. Stephan Gerlich	Member

Stakeholders' Relationship Committee

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

Corporate Social Responsibility Committee

Mr. Madhav Bhatkuly	Chairman
Mr. Shekhar Ramamurthy	Member
Mr. Sunil Alagh	Member
Ms. Kiran Mazumdar Shaw	Member

In addition to the above mentioned mandatory Committees required to be constituted as per Companies Act, 2013 and/ or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a few other Non-mandatory Committees are also consituted by the Board, details whereof are disclosed in this report.

Auditors S.R. Batliboi & Associates LLP, Chartered Accountants
Registrar and Share Transfer Agent Integrated Registry Management Services Private Limited

Note: *Mr. Rudolf Gijsbert Servaas van den Brink replaced Mr. Frans Erik Eusman w.e.f. November 14, 2018.

Profile of Directors and their other Directorships

Brief Resume	Other Directorships & Committee Memberships in India
Mr. Shekhar Ramamurthy (DIN: 00504801) Mr. Shekhar Ramamurthy is an alumnus of IIT Delhi and IIM Calcutta. He has been with the UB Group since 1989 and has been in several roles across the Group. He joined in the Corporate Planning function and soon thereafter moved into a Marketing role with what is now United Spirits Limited. He spent over 9 years in the Spirits business in Marketing and Sales roles before joining United Breweries Limited as the Head of Marketing and Sales in October 1999. He took on greater responsibilities as the Deputy President of UBL from October 2007 and then as the Joint President of the Company from September 2012 till taking over as the Managing Director on August 01, 2015. He has been an integral part of the dynamic growth story of the Company that has seen brand Kingfisher establish itself as the number 1 choice of consumers in India.	**Other Boards** - Kingfisher East Bengal Football Team Private Limited
Mr. A K Ravi Nedungadi (DIN: 00103214) A trained Chartered and Cost Accountant, Mr. Nedungadi joined the United Breweries Group in 1990 as the Corporate Treasurer. Within two years, he became the Group Finance Director of the Group's International business managing the businesses of UB International Ltd., which comprised the paint giant Berger Jenson and Nicholson having operations spanning 27 countries. He played a lead role in listing the Berger Group Companies on various international Stock Exchanges including the London and Singapore bourses. Since his appointment as the President and Group CFO in 1998, he led the way to sharpening the focus of the Group, which had a conglomerate approach, on areas of competence and global reach. This saw the Group focus on clearly defined verticals each area presenting clear leadership within India and global significance. He played a key role in a number of corporate actions including domestic and international acquisitions, mergers, etc. leading to a manifold increase in the market capitalization of the Group. Mr. Nedungadi is the recipient of many awards of excellence, including Udyog Ratan Award, IMA's CFO of the Year, CNBC TV 18's – CFO of the Year – M&A, etc. Memberships in esteemed organizations like Who's Who of Professionals only reinforce the above testimonials. Mr. Nedungadi has been on the Board of UBL since August 09, 2002.	NIL

Brief Resume	Other Directorships & Committee Memberships in India
Mr. Christiaan A J Van Steenbergen (DIN: 07972769) Mr. Christiaan A J Van Steenbergen was appointed Chief Human Resources Officer of Heineken in May 2014. Prior to that, he was Executive Vice President Corporate HR of Royal DSM since 2010 based in Heerlen, the Netherlands. He is a lawyer by training and has spent more than 20 years in Senior HR and operational roles. He was Chief Human Resources Officer Cadbury, President Europe Cadbury, for 8 years from 2002 to 2010. Prior to Cadbury, he held different positions in Quick Restaurants SA in Belgium as CEO and in Randstad Belgium as Managing Director. Mr. Christiaan A J Van Steenbergen was appointed on the Board of UBL effective November 08, 2017.	NIL
Mr. Rudolf Gijsbert Servaas van den Brink (DIN: 08256382) Mr. Rudolf Gijsbert Servaas van den Brink has been appointed as President of Heineken Asia Pacific since October 2018 and is a member of the Executive Team of Heineken N.V. Mr. van den Brink served as the Managing Director of Heineken Mexico (Cuauhtémoc Moctezuma) in Monterrey, Mexico from August 2015 to September 2018 and was the Managing Director for Heineken USA in New York, USA from October 2009 to July 2015. From June 1999 to September 2009, he successively served as a Senior Brand Manager (Pepsi & 7UP) and Trade Marketing Manager for Vrumona (part of the Heineken Group) in Bunnik, the Netherlands, the International Channel Development Manager for Heineken Global Commerce, Amsterdam and the Commercial Director for Bralima S.A.R.L. (part of the Heineken Group) in the Democratic Republic of Congo. Mr. van den Brink has been appointed on the Board of UBL effective November 14, 2018.	NIL
Mr. Chhaganlal Jain (DIN: 00102910) Mr. Chhaganlal Jain is a Chartered Accountant/Chartered Manager and Company Secretary by profession, having more than 45 years of Corporate experience in various organizations including ICI and Hindustan Lever Ltd. He was Finance Director of Hoechst India Ltd. He was also External Faculty Member at Bajaj Institute of Management for 17 years. He was also Chairman of Banking and Finance Committee of Bombay Chamber of Commerce and Industry for four years. Apart from Directorship he holds in esteemed public companies, he is also a trustee of Nayana Parekh Charitable Trust, Sangeeta Jain Charitable Trust and Oswal Mitra Mandal. Mr. Jain has been on the Board of UBL since January 27, 2003.	**Other Boards** - Asit C. Mehta Investment Intermediates Limited - RPG Life Sciences Limited - Practical Financial Services Private Limited - NOCIL Limited - Percipient Advisors Private Limited **Audit Committees** - NOCIL Limited (Chairman) - RPG Life Sciences Limited (Chairman) - Asit C. Mehta Investment Intermediates Limited (Chairman)

Brief Resume	Other Directorships & Committee Memberships in India
Mr. Chugh Yoginder Pal (DIN: 00106536) Mr. Chugh Yoginder Pal is a first class Graduate in Engineering from Delhi University. After a brief Industrial Engineering training stint in TELCO he joined Hindustan Lever in 1960, where he held various positions starting in Industrial Engineering and moved up quickly in the Management hierarchy in a variety of Production, Factory and General Management roles leading to head of Corporate Materials Management. He joined Cadbury India Limited as Technical Director and became Managing Director in 1983 and Chairman & Managing Director in 1987. He retired as Executive Chairman in 1997 and as Non-Executive Chairman of Cadbury India Limited (now Mondelez India Foods Limited) in March, 2015. 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 has been on the Board of UBL since April 29, 2005.	**Other Boards** - Shriram Pistons & Rings Limited - Infiiloom India Private Limited - Innovative Textile Enterprise Private Limited **Audit Committee** - Shriram Pistons & Rings Limited
Mr. Sunil Alagh (DIN: 00103320) Mr. Sunil Alagh is the Managing Director of SKA Advisors Private Limited, 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 Prasar Bharati, India, Indofil Industries Ltd, GATI Ltd. (a JV with KWE, Japan) and GATI Import & Export Trading Ltd. In addition, he is a Senior Advisor to AXA, France, a Member on Advisory Board of Vikas Ecotech Ltd., New Delhi and on the Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He is a former member of the Board of IL&FS Investsmart Ltd., the Indian Advisory Board of Schindler Switzerland, Board of Governors' of IIM Bangalore and IIM Indore, the Governing Council of the National Institute of Design, Ahmedabad and a member of the Round Table on Higher Education of the Ministry of HRD, Government of India. He was honoured with the 'Gold Medal Kashlkar Memorial Award 2000' for outstanding contribution to the food processing industry in India. He was a finalist for the Ernst and Young Entrepreneur of the Year Award, 2002. Mr. Alagh has been 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 - Prasar Bharati **Audit Committee** - Indofil Industries Limited **Stakeholders' Relationship Committees** - GATI Limited (Chairman) - Indofil Industries Limited

Brief Resume	Other Directorships & Committee Memberships in India
Ms. Kiran Mazumdar Shaw (DIN: 00347229) Ms. Kiran Mazumdar Shaw is a pioneer of the biotechnology industry in India and the founder of the country's leading biotechnology enterprise, Biocon. Named among TIME magazine's 100 most influential people in the world, Ms. Mazumdar Shaw is recognized as a thought leader who has made her country proud by building a globally recognized biopharmaceutical enterprise that is committed to innovation and affordability in delivering best-in-class therapeutics to patients across the globe. As a global influencer, she is ranked among 'World's 25 Most Influential People in Biopharma' by Fierce Biotech, Forbes magazine's '100 Most Powerful Women' and Fortune's 'Top 25 Most Powerful Women in Asia-Pacific'. She has also featured in 'The Worldview 100 List' of the most influential visionaries by Scientific American magazine and named among the '100 Leading Global Thinkers' by Foreign Policy magazine. Most recently, she has been ranked No. 1 in the Business Captains category on 'Medicine Maker Power List' 2018, an index of the 100 most influential people across the globe in the field of medicine, where she has been among the Top 10, consecutively since 2015. She is conferred with the Highest French Distinction - Chevalier de l'Ordre national de la Légion d'Honneur (Knight of the Legion of Honour), and bestowed with the Advancing Women in Science (AWSM) Award for Excellence by The Feinstein Institute for Medical Research, USA. At home, she has been awarded with the Padma Shri and Padma Bhushan, the most coveted Civilian National Awards of India. She pioneered the setting up of Association of Biotech Led Enterprises (ABLE), which has been instrumental in bringing government, industry and academia together to charter a clear and progressive growth path for biotechnology in India. A founder member of Karnataka's Vision Group on Biotechnology and currently chairs this forum. Ms. Mazumdar Shaw holds a bachelor's degree in science (Zoology Hons.) from Bangalore University and a master's degree in malting and brewing from Ballarat College, Melbourne University. She has been awarded with several honorary degrees from Ballarat (2004), University of Abertay (2007), University of Glasgow (2008), Heriot-Watt University (2008), National University of Ireland (2012) and Trinity College, Dublin (2012) for her pre-eminent contributions to field of biotechnology. Ms. Mazumdar Shaw is a member of the Board of Trustees of The MIT Corporation, USA and recently she has been elected as a member of the prestigious USA based National Academy of Engineering (NAE), for her contribution to the development of affordable bio-pharmaceuticals and the biotechnology industry in India. She also serves on the Board of Infosys, Narayna Health and IIT Bombay. Ms. Mazumdar Shaw has been on the Board of UBL since October 26, 2009.	**Other Boards** - Biocon Limited (Chairperson & Managing Director) - Syngene International Limited (Chairperson & Managing Director) - Narayana Hrudayalaya Limited - Infosys Limited - Biocon Biologics India Limited - Biocon Research Limited - Biocon Pharma Limited - Mazumdar Shaw Medical Foundation - Biocon Academy - Narayana Vaishno Devi Speciality Hospitals Private Limited - Immuneel Therapeutics Private Limited - Invest Karnataka Forum - Science Gallery Bangalore **Audit Committees** - Biocon Pharma Limited (Chairperson) - Biocon Research Limited (Chairperson)

Brief Resume	Other Directorships & Committee Memberships in India
Mr. Madhav Bhatkuly (DIN: 00796367) 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). Mr. Bhatkuly has been 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 (DIN: 00063222) Since 2014 Stephan Gerlich is Managing Director of Bayer de México. Since 1978 he worked for the Bayer group in different functions and countries and lived with his family in France, USA and Mexico. From 2003 until 2014 Mr. Gerlich was Responsible for the Bayer group in India, based in Mumbai. Mr. Gerlich has been 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 Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). None of the Directors are related inter-se.

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

Name of the Directors	Membership in Boards other than UBL in India	Membership in Board Committees other than UBL	
		Prescribed for reckoning the limits under Regulation 26(1)(b) of Listing Regulations*	Other Committees not so prescribed**
Mr. Shekhar Ramamurthy	1	NIL	NIL
Mr. A K Ravi Nedungadi	NIL	NIL	NIL
Mr. Christiaan A J Van Steenbergen	NIL	NIL	NIL
Mr. Rudolf Gijsbert Servaas van den Brink	NIL	NIL	NIL
Mr. Chhaganlal Jain	5	3 (Chairman of 3 Committees)	4
Mr. Chugh Yoginder Pal	3	1	2
Mr. Sunil Alagh	5	3 (Chairman of 1 Committees)	3
Ms. Kiran Mazumdar Shaw	13	2 (Chairman of 2 Committees)	7
Mr. Madhav Bhatkuly	2	NIL	NIL
Mr. Stephan Gerlich	NIL	NIL	NIL

* Audit Committee and Stakeholders' Relationship Committee.

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

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

Notes:

a) Mr. Shekhar Ramamurthy is a Director in 1 Private Limited Company. He is also on the Board of 1 Overseas Company.

b) Mr. A K Ravi Nedungadi is on the Board of 1 Overseas Company.

c) Mr. Christiaan A J Van Steenbergen is on the Board of 1 Overseas Company.

d) Mr. Rudolf Gijsbert Servaas van den Brink is on the Board of 12 Overseas Companies.

e) Out of 5 other Companies in which Mr. Chhaganlal Jain is a Director, 2 are Private Limited Companies.

f) Out of 3 other Companies in which Mr. Chugh Yoginder Pal is a Director, 2 are Private Limited Companies.

f) Out of 5 other Companies in which Mr. Sunil Alagh is a Director, 1 is a Private Limited Company.

g) Out of 13 other Companies in which Ms. Kiran Mazumdar Shaw is a Director, 2 are Private Limited Companies and 4 are Section 8 Companies under the Companies Act, 2013. Ms. Mazumdar is also on the Board of 9 Overseas Companies.

h) Mr. Madhav Bhatkuly is a Director in 2 Private Limited Companies. Mr. Bhatkuly is also on the Board of 1 Overseas Company.

i) 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, Risk Management Committee, Borrowing Committee, Special Purpose Committee and Code of Business Conduct and Ethics Committee to look into the aspects of each Committee. Internal Audit carried out by the Internal Audit team is commensurate with the size of the organization. There is a comprehensive management reporting system involving preparation of operating results and their review by senior management and by the Board.

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

During the financial year ended on March 31, 2019, eight (8) Board Meetings were held on May 24, 2018, August 10, 2018, September 17, 2018, October 15, 2018, November 14, 2018, December 07, 2018, January 08, 2019 and February 14, 2019.

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 17.09.2018
Mr. Shekhar Ramamurthy	Managing Director	8	8	YES
Mr. Steven Bosch*	Director (CFO)	8	5	YES
Mr. A K Ravi Nedungadi	Director (NE)	8	8	YES
Mr. Christiaan A J Van Steenbergen	Director (NE)	8	7	YES
Mr. Rudolf Gijsbert Servaas van den Brink**	Director (NE)	8	3	—
Mr. Frans Erik Eusman**	Director (NE)	8	3	YES
Mr. Chhaganlal Jain	Director (IND)	8	8	YES
Mr. Chugh Yoginder Pal	Director (IND)	8	8	YES
Mr. Sunil Alagh	Director (IND)	8	8	YES

Ms. Kiran Mazumdar Shaw	Director (IND)	8	5	—
Mr. Madhav Bhatkuly	Director (IND)	8	8	YES
Mr. Stephan Gerlich	Director (IND)	8	5	YES

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

* Mr. Steven Bosch ceased to be a Director & Chief Financial Officer w.e.f. January 01, 2019.

** Mr. Rudolf Gijsbert Servaas van den Brink replaced Mr. Frans Erik Eusman w.e.f. November 14, 2018.

COMMITTEES OF DIRECTORS

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

Audit Committee

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

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

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

ii) Recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company;

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

iv) Reviewing, with the Management, the Annual Financial Statements and auditor's report before submission to the Board for approval, with particular reference to;
- Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgement by the Management;
- Significant adjustments made in the financial statements arising out of Audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Modified opinion(s) in the draft audit report;

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

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

vii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

viii) Approval or any subsequent modification of transactions of the Company with related parties;

ix) Scrutiny of inter-corporate loans and investments;

x) Valuation of undertakings or assets of the company, wherever it is necessary;

xi) Evaluation of internal financial controls and risk management systems;

xii) Reviewing with the management the performance of statutory and internal auditors, adequacy of the internal control system;

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

xiv) Discussion with internal auditors of any significant findings and follow-up there on;

xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

xvi) Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvii) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xviii) To review the functioning of Whistle Blower mechanism;

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

xx) To review utilization of loans and/or advances from investment by holding Company in the subsidiary exceeding Rs. 100 Crore or 10% of the asset size of the subsidiary, including existing loans, advances and investments; and

xxi) Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

The Audit Committee mandatorily reviews the following information:

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

UNITED BREWERIES LIMITED

During the financial year ended March 31, 2019, six (6) Audit Committee Meetings were held on May 21, 2018, July 04, 2018, August 09, 2018, November 13, 2018, February 13, 2019 and March 25, 2019.

Attendance at Audit Committee Meetings

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

Share Transfer Committee

The Share Transfer Committee comprises of Mr. A K Ravi Nedungadi and Mr. Shekhar Ramamurthy 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 Registry Management Services Private Limited, Registrar and Share Transfer Agent and the same are being processed and approved once in ten days.

During the financial year ended March 31, 2019, the Committee met seven (7) times on May 10, 2018, August 10, 2018, October 10, 2018, November 14, 2018, December 18, 2018, February 01, 2019 and March 21, 2019 for approving the transactions falling within the Terms of reference mentioned above.

Attendance at Share Transfer Committee Meetings

Names of the Directors	Category	Number of Share Transfer Committee Meetings held	Number of Share Transfer Committee Meetings attended
Mr. A K Ravi Nedungadi	CHAIRMAN	7	7
Mr. Shekhar Ramamurthy	MEMBER	7	6
Mr. Steven Bosch*	MEMBER	7	4

* Mr. Steven Bosch ceased to be a Director & Chief Financial Officer w.e.f. January 01, 2019.

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

Stakeholders' Relationship Committee

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

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

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

Number of Shareholders' complaints received from 01-04-2018 to 31-03-2019 (These complaints pertained mainly to non-receipt of Share Certificates upon transfer, non-receipt of Annual Report, non-receipt of Dividend, etc.)	16
Number of complaints not solved to the satisfaction of the Shareholders	Nil
Number of pending Share transfers	Nil

During the financial year ended March 31, 2019, two (2) Meetings of Stakeholders' Relationship Committee were held on November 14, 2018 and March 06, 2019 which were attended by all the Members.

Corporate Social Responsibility Committee

Your Company has been focussing on Corporate Social Responsibility (CSR) activities viz., Primary Health, Primary Education, Water Conservation & Providing Safe Drinking Water and Conducting Workshop on Responsible Consumption of Alcohol for truck drivers. UBL has formulated a CSR policy for a seamless integration of market place, work place, environment and community concerns with its business operations. We use CSR as an integral business process in order to support sustainable development and inclusive growth in our constant endeavour to be a good corporate citizen.

The Corporate Social Responsibility Committee comprises of Mr. Madhav Bhatkuly, Mr. Shekhar Ramamurthy, Mr. Sunil Alagh and Ms. Kiran Mazumdar Shaw as Members. Mr. Madhav Bhatkuly is the Chairman of the Committee.

During the financial year ended March 31, 2019, two (2) Meetings of Corporate Social Responsibility Committee were held on November 13, 2018 and March 25, 2019.

Attendance at Corporate Social Responsibility Committee Meetings

Names of the Directors	Category	Number of Risk Management Committee Meetings held	Number of Risk Management Committee Meetings attended
Mr. Madhav Bhatkuly	Chairman	2	2
Mr. Shekhar Ramamurthy	Member	2	2
Mr. Steven Bosch*	Member	2	1
Mr. Sunil Alagh	Member	2	2
Ms. Kiran Mazumdar Shaw	Member	2	2

* Mr. Steven Bosch ceased to be a Director & Chief Financial Officer w.e.f. January 01, 2019.

Risk Management Committee

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

The Committee comprises of Ms. Kiran Mazumdar Shaw, Mr. Shekhar Ramamurthy, Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal, Mr. Madhav Bhatkuly and Mr. Stephan Gerlich as Members. Ms. Kiran Mazumdar Shaw is the Chairman of the Committee.

During the financial year ended March 31, 2019, two (2) Meetings of Risk Management Committee were held on May 25, 2018 and March 25, 2019.

Attendance at Risk Management Committee Meetings

Names of the Directors	Category	Number of Risk Management Committee Meetings held	Number of Risk Management Committee Meetings attended
Ms. Kiran Mazumdar Shaw	Chairman	2	2
Mr. Shekhar Ramamurthy	Member	2	2
Mr. Steven Bosch*	Member	2	1
Mr. Chhaganlal Jain	Member	2	2
Mr. Chugh Yoginder Pal	Member	2	2
Mr. Madhav Bhatkuly	Member	2	2
Mr. Stephan Gerlich	Member	2	1

* Mr. Steven Bosch ceased to be a Director & Chief Financial Officer w.e.f. January 01, 2019.

Borrowing Committee

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

The Borrowing Committee comprises of Mr. Chhaganlal Jain, Mr. A K Ravi Nedungadi and Ms. Kiran Mazumdar Shaw as Members. Mr. Chhaganlal Jain is the Chairman of the Committee. During the financial year ended March 31, 2019, two (2) Meetings of Borrowing Committee were held on August 31, 2018 and January 08, 2019.

Attendance at Borrowing Committee Meetings

Names of the Directors	Category	Number of Borrowing Committee Meetings held	Number of Borrowing Committee Meetings attended
Mr. Chhaganlal Jain	Chairman	2	2
Mr. Steven Bosch*	Member	2	1
Mr. A K Ravi Nedungadi	Member	2	2
Ms. Kiran Mazumdar Shaw	Member	2	1

* Mr. Steven Bosch ceased to be a Director & Chief Financial Officer w.e.f. January 01, 2019.

Special Purpose Committee and Code of Business Conduct & Ethics Committee

These Committees were formed inter alia to review the reports on internal investigation on the Competition Commission of India as well as business conduct matters prepared by the Company's Legal Advisors.

The Special Purpose Committee comprises of Mr. Madhav Bhatkuly, Mr. Christiaan A J Van Steenbergen, Mr. Chhaganlal Jain and Mr. Chugh Yoginder Pal and as Members. Mr. Madhav Bhatkuly is the Chairman of the Committee.

During the financial year ended March 31, 2019, the Committee met sixteen (16) times on October 24, 2018, October 26, 2018, October 29, 2018, October 30, 2018, November 03, 2018, November 06, 2018, November 14, 2018, November 16, 2018, November 21, 2018, December 13, 2018, December 18, 2018, January 16, 2019, February 13, 2019, February 20, 2019, March 11, 2019 and March 14, 2019.

Attendance at Special Purpose Committee Meetings

Names of the Directors	Category	Number of Special Purpose Committee Meetings held	Number of Special Purpose Committee Meetings attended
Mr. Madhav Bhatkuly	CHAIRMAN	16	16
Mr. Steven Bosch*	MEMBER	16	11
Mr. Christiaan A J Van Steenbergen	MEMBER	16	16
Mr. Chhaganlal Jain	MEMBER	16	13
Mr. Chugh Yoginder Pal	MEMBER	16	13

* Mr. Steven Bosch ceased to be a Director & Chief Financial Officer w.e.f. January 01, 2019.

The Code of Business Conduct & Ethics Committee comprises of Mr. Chugh Yoginder Pal, Mr. Christiaan A J Van Steenbergen, Mr. A K Ravi Nedungadi and Mr. Madhav Bhatkuly as Members. Mr. Chugh Yoginder Pal is the Chairman of the Committee.

During the financial year ended March 31, 2019, the Committee met nine (9) times on November 21, 2018, November 29, 2018, December 03, 2018, December 21, 2018, January 04, 2019, January 08, 2019, February 13, 2019, March 11, 2019 and March 23, 2019.

Attendance at Code of Business Conduct & Ethics Committee Meetings

Names of the Directors	Category	Number of Code of Business Conduct & Ethics Committee Meetings held	Number of Code of Business Conduct & Ethics Committee Meetings attended
Mr. Chugh Yoginder Pal	CHAIRMAN	9	9
Mr. Christiaan A J Van Steenbergen	MEMBER	9	9
Mr. A K Ravi Nedungadi	MEMBER	9	6
Mr. Madhav Bhatkuly	MEMBER	9	9

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Sunil Alagh, Mr. A K Ravi Nedungadi, Mr. Christiaan A J Van Steenbergen, Mr. Chhaganlal Jain and Mr. Chugh Yoginder Pal as Members. Mr. Sunil Alagh is the Chairman of the Committee.

The Committee is authorized inter alia:

- to deal with matters related to compensation by way of salary, perquisites, benefits, etc., to the Managing Director / Executive / Whole time Directors of the Company and set guidelines for the salary, performance, pay and perquisites to other Senior Employees,
- to formulate and implement Employee Stock Option Scheme to Employees / Directors in terms of prescribed Guidelines, and
- shall inter alia operate and cover areas as may be prescribed under the Companies Act, and other applicable Regulations from time to time.

During the financial year ended March 31, 2019, seven (7) Meetings of Nomination and Remuneration Committee were held on May 21, 2018, July 31, 2018, September 12, 2018, October 24, 2018, November 13, 2018, December 07, 2018 and January 08, 2019.

Attendance at Nomination and Remuneration Committee Meetings

Names of the Directors	Category	Number of Code of Business Conduct and Ethics Committee Meetings held	Number of Nomination and Remuneration Committee Meetings attended
Mr. Sunil Alagh	Chairman	7	7
Mr. A K Ravi Nedungadi	Member	7	7
Mr. Christiaan A J Van Steenbergen*	Member	7	2
Mr. Frans Erik Eusman *	Member	7	1
Mr. Chhaganlal Jain	Member	7	7
Mr. Chugh Yoginder Pal	Member	7	7

* Mr. Christiaan A J Van Steenbergen replaced Mr. Frans Erik Eusman w.e.f. November 14, 2018.

The Company Secretary was present in all the meetings of the Board and/or Committees.

Please refer to page no. 27 in Directors Report under the heading "Performance Evaluation of Directors" for performance evaluation of Independent Directors.

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. In line with statutory requirements, the Board of Directors has adopted a Remuneration Policy for Directors, Key Managerial Personnel (KMP) and other employees of the Company. The Remuneration Policy lays down the criteria for appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management. The Policy also prescribes the criteria and manner for fixation and approval of remuneration payable to Directors, KMPs and other employees. The Policy is posted on the website of the Company and is available through the weblink http://unitedbreweries.com/pdf/policyandcodes/Remuneration-Policy.pdf.

For the financial year ended March 31, 2019, Mr. Shekhar Ramamurthy, (Managing Director) and Mr. Steven Bosch, (Director & CFO) were paid remuneration as under:

(Rupees)

Name	Salary & Allowance	Perquisites	Retiral Benefits
Mr. Shekhar Ramamurthy	9,76,95,147	1,90,82,320	1,58,71,218
Mr. Steven Bosch* (April 01, 2018 to December 31, 2018)	2,28,65,088	80,41,349	12,16,427

* Mr. Steven Bosch resigned from the Broad as Director & Chief Financial Officer w.e.f. January 01, 2019 and his remuneration reflects for part of the year only.

Sitting fees to Directors during 2018-2019

Sl. No.	Name of the Director	Sitting Fees paid (Rupees)*
1.	Mr. A K Ravi Nedungadi	19,00,000/-
2.	Mr. Frans Erik Eusman	3,50,000/-
3.	Mr. Christiaan A J Van Steenbergen	20,50,000/-
4.	Mr. Rudolf Gijsbert Servaas van den Brink	3,00,000/-
5.	Mr. Chhaganlal Jain	27,00,000/-
6.	Mr. Chugh Yoginder Pal	30,50,000/-
7.	Mr. Sunil Alagh	19,50,000/-
8.	Ms. Kiran Mazumdar Shaw	7,50,000/-
9.	Mr. Madhav Bhatkuly	22,50,000/-
10.	Mr. Stephan Gerlich	6,00,000/-

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

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

Commission to Directors during 2018-2019

Sl. No.	Name of the Director	Commission (Rupees)**
1.	Mr. A K Ravi Nedungadi	1,08,53,457/-
2.	Mr. Chhaganlal Jain	1,08,53,457/-
3.	Mr. Chugh Yoginder Pal	1,08,53,457/-
4.	Mr. Sunil Alagh	1,08,53,457/-
5.	Ms. Kiran Mazumdar Shaw	1,08,53,457/-
6.	Mr. Madhav Bhatkuly	1,08,53,457/-
7.	Mr. Stephan Gerlich	1,08,53,457/-

** Subject to deduction of tax at source. The above amount excludes applicable Goods and Services Tax which was paid by the Company under reverse charge separately.

Independent Directors

All six Independent Directors of the Company have been appointed for a term of 5 (five) years up to September 03, 2019. All of them have given a declaration that they meet the criteria of independence as laid down under the Companies Act, 2013 and Listing Regulations. During the financial year ended March 31, 2019, two (2) Meetings of Independent Directors were held on May 29, 2018 and November 08, 2018.

Attendance at Independent Directors Meetings

Names of the Directors	Category	Number of Independent Directors Meetings held	Number of Independent Directors Meetings attended
Ms. Kiran Mazumdar Shaw	Member	2	Nil
Mr. Chhaganlal Jain	Member	2	2
Mr. Chugh Yoginder Pal	Member	2	2
Mr. Sunil Alagh	Member	2	2
Mr. Madhav Bhatkuly	Member	2	2
Mr. Stephan Gerlich	Member	2	1

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 17, 2018	12.00 noon	Level 1, UB Tower, UB City, #24, Vittal Mallya Road, Bengaluru - 560 001.	Nil
September 23, 2017	11.00 a.m.	Level 1, UB Tower, UB City, #24, Vittal Mallya Road, Bengaluru - 560 001.	Nil
September 07, 2016	11.00 a.m.	Level 1, UB Tower, UB City, #24, Vittal Mallya Road, Bengaluru - 560 001.	Nil

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

Extraordinary General Meeting

During the year an Extraordinary General Meeting (EGM) was held on January 09, 2019 for the purpose of seeking consent of Members through Special Resolution for Mr. Chhaganlal Jain's and Mr. Chugh Yoginder Pal's continuation in office of Independent Directors effective April 01, 2019 pursuant to Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, notwithstanding that Mr. Jain and Mr. Pal have already crossed 75 years of age. The Special Resolutions were passed with requisite majority at the EGM.

Postal Ballot

The Company had not conducted any Postal Ballot during the year. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of resolution through postal ballot.

Remote E-voting

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

Dividend

Post its declaration at this Annual General Meeting, dividend on Equity Shares for the financial year ended March 31, 2019 will be paid on or before September 21, 2019 to the Members whose names appear:

i. as Beneficial Owners as at the close of the business hours on Thursday, August 15, 2019 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, August 22, 2019 after giving effect to all valid Share transfers in physical form which are lodged with the Company on or before Thursday, August 15, 2019.

Unclaimed Dividend

The unclaimed Dividend for the financial year ended March 21, 2012 will be due for transfer to the Investor Education and Protection Fund (IEPF) on October 31, 2019 in terms of the applicable provisions of the Companies Act. Members who have not encashed the Dividend Warrants for the aforesaid Dividend are requested to approach the Registrars and Share Transfer Agents of the Company. Further, the Equity Shares held by the shareholders (either in physical form or in demat form) in respect of such unclaimed dividend which has not been encashed and in respect of which dividend has not been claimed by the shareholders for last seven years shall also be transferred to IEPF in terms of provisions of the Act and the Rules made thereunder.

Unclaimed Shares

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

Details relating to unclaimed Equity Shares as on March 31, 2019 as required under Schedule V (F) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given hereunder:

No. of Shareholders holding unclaimed shares as on 01.04.2018	No. of unclaimed shares as on 01.04.2018	No. of Shareholders who claimed shares during the year	No. of unclaimed shares transferred during the year	No. of Shareholders holding unclaimed shares as on 31.03.2019	Balance unclaimed shares as on 31.03.2019	Voting Rights Frozen (%)
4178	471144	2430	168019	1748**	303125	0.11

** Out of the above, during the year the Company has transferred 159453 Equity Shares held by 2385 shareholders to Investor Education and Protection Fund (IEPF) Authority in terms of Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended. After credit of 8566 Equity Shares held by 45 shareholders and transfer of 159453 Equity Shares held by 2385 shareholders to IEPF, effectively the Company holds 303125 Equity Shares held by 1748 shareholders in Unclaimed Suspense Account.

Investor Education and Protection Fund (IEPF)

As per Section 124(5) of the Companies Act, 2013 (the Act), any money transferred to the unpaid dividend account of a company which remained unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to IEPF. Pursuant to the said provision, the Company had transferred Rs.14,59,477 as dividend for the year 2010-2011 to IEPF which remained unclaimed for a period of seven years.

Further, pursuant to Section 124(6) of the Act, all shares in respect of which unpaid or unclaimed dividend has been transferred under Section 124(5) of the Act, shall also be transferred by the Company in the name of IEPF.

Pursuant to the said provisions, the Company has transferred 1378608 Equity Shares held by 9103 shareholders (including 992201 Equity Shares held by 5999 shareholders from Unclaimed Suspense Account) to IEPF after following due procedure laid down under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (the Rules). Details of Dividend and Equity Shares transferred to IEPF is uploaded on the website of the Company and is available through the weblink http://unitedbreweries.com/investors. Out of 1378607 shares, IEPF has credited 60 shares to a shareholder's account.

The shareholders may claim the Dividend and Equity Shares transferred to IEPF after following the procedure laid down in the Rules. The Company has appointed a Nodal Officer for the purpose of coordinating with the IEPF Authority in respect of claims by shareholders. Details of the Nodal Officer is uploaded on the website of the Company.

Means of Communication

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

The Company has designated an exclusive email ID viz., 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.

Credit Ratings

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended March 31, 2019.

The ratings given by ICRA Limited for short-term borrowings and long-term borrowings of the Company are A1+ and AA+ respectively. During the year under review, the long-term borrowing rating has been upgraded from AA to AA+.

Familiarization programme for Independent Directors

The details of the Familiarization Programme for Independent Directors is disclosed on the Company's website at the weblink: http://unitedbreweries.com/pdf/policyandcodes/Familiarisation%20Programme.pdf.

Key expertise of the Board of Directors

The following identified skills/expertise/competencies fundamental for the effective functioning of the Company are currently available with the Board.

- Business Strategy, Brand Building and Leadership
- Sales and Marketing
- Strategic Planning
- Financial Management and Economics
- Legal and Human Resource
- Industry Knowledge
- General Administration
- Research and Innovation

Disclosures

1. Management Discussion and Analysis forms part of the Directors' Report.
2. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions which is placed on the website of the Company www.unitedbreweries.com and is available through the weblink http://unitedbreweries.com/pdf/policyandcodes/Policy%20on%20Related%20Party%20Transactions.pdf.
3. During the financial year ended March 31, 2019, there were no materially significant related party transactions with the Company's Directors or their relatives. Details of related party transactions form part of Notes to Accounts.

In preparation of financial statements for the year under review, treatment as prescribed in Indian Accounting Standards (Ind AS) has been followed.

4. 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.
5. 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 all the mandatory and certain non-mandatory requirements of Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. The Company has not issued any Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments.
7. The Company mitigates commodity pricing risks by using pricing benchmarks and tracking pricing trends over a longer period of time. The Company has managed the foreign exchange risks with appropriate hedging activities. The Company uses forward exchange contracts to hedge against its foreign currency exposures.
8. The Company has formulated a policy for determining material subsidiaries which is placed on the website of the Company www.unitedbreweries.com and is available through the weblink http://unitedbreweries.com/pdf/policyandcodes/Policy%20for%20Determining%20Material%20Subsidiaries-PDF.pdf.
9. The Company has obtained a certificate from M/s BMP & Co LLP, Practising Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.
10. The Company has not received any complaints in relation to Sexual Harassment during the financial year 2018-2019.
11. During the year, the Company has paid Rs.282 Lacs to the Statutory Auditors towards Statutory Audit and other services provided by them to the Company.
12. The Company has complied with corporate governance requirements specified in Regulation 17 to 27 and Clauses (B) to (i) of sub-Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Additional Disclosures

1. The Tax Recovery Officer – TDS, Bangalore (TRO-TDS) had prohibited the Company from making any payments in the nature of salary, remuneration, allowances, etc. to Dr. Vijay Mallya. The TRO-TDS had also directed the Company to create a charge under Section 201(2) of the Income Tax Act, 1961 in favour of the Central Government to the extent of tax of Rs.679,79,77,461/- on any amount due or likely to be due to Dr. Vijay Mallya, principal officer of Kingfisher Airlines Limited. As per the Order dated November 11, 2016, the Company had paid Rs.1,64,13,708/- to the Tax Recovery Office – TDS being the amount accrued to Dr. Vijay Mallya towards sitting fee and commission for financial year 2015-16.
2. Pursuant to Order of Debt Recovery Tribunal, Karnataka, Bangalore, dated 30.09.2015, dividend for the financial years 2015-2016, 2016-2017 and 2017-2018 payable to Dr. Vijay Mallya and United Breweries (Holdings) Limited (UBHL) was withheld. The Recovery Officer-1, DRT-II, Bengaluru vide letter dated October 11, 2018 directed the Company to make payment of Dividend for the financial year 2017-18 on Equity Shares held by UBHL in the Company. Further, the Official Liquidator, vide letter dated October 26, 2018 informed the Company that the

Hon'ble High Court of Karnataka has directed the Official Liquidator in Order dated 29.08.2018 to collect rent and other income due to UBHL, the company in liquidation. The Official Liquidator directed the Company to remit the dividend aggregating to Rs.7,83,89,631.10 payable to UBHL to the account of Official Liquidator. Accordingly, the Company has remitted the aforesaid dividend amount to the account of Official Liquidator.

3. Effective April 05, 2016, the State Government of Bihar had imposed a ban on sale and consumption of alcoholic beverages in Bihar though it had permitted manufacture of alcoholic beverages for export out of the State vide Notification dated April 05, 2016. The said Notification of Bihar Government imposing ban was struck down by Patna High Court vide Judgement dated September 30,2016. The State Government of Bihar has challenged the Judgement of Patna High Court in Supreme Court which is pending. Subsequently, effective April 01, 2017, total prohibition has been imposed in Bihar State and the commercial production at the Company's brewery located at Kopakalan, Naubatpur, District Patna has been discontinued. The Company has since commenced manufacture of non-alcoholic beverages at its above facility.

4. It is in public domain that United Breweries (Holdings) Limited (UBHL), a promoter of your Company has been ordered to be wound up by Hon'ble High Court of Karnataka vide dated 07.02.2017. We understand UBHL has since filed an appeal against the said Winding-up Order which is pending.

5. As per disclosures received by UBL in May 2018 under SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 from a few Promoter companies controlled by Dr. Vijay Mallya, we are informed that 41315690 Equity Shares held by such entities in UBL constituting 15.63% of the total paid up capital have been transferred to the demat account of Enforcement Directorate, Mumbai, Government of India. Earlier, in August 2017, 1389068 Equity Shares constituting 0.52% of the total paid up capital were also transferred to the demat account of Enforcement Directorate, Mumbai, Government of India. The Enforcement Directorate now holds 42704758 constituting 16.15% Equity Shares in the Company. However, UBL has not received any communication from the Enforcement Directorate so far in this regard.

   As per the legal opinion obtained by the Company, with respect to such transfer of shares, it is opined that, the Enforcement Directorate has only taken possession of the Equity Shares under the provisions of Prevention of Money Laundering Act, 2002 and these Equity Shares have not been confiscated by the Enforcement Directorate. The transfer of shares, therefore, may not constitute a transfer of ownership.

   Further, the Recovery Officer-I, DRT-II, Bengaluru has transferred 74,04,932 Equity Shares comprising 2.80% of the total issued and paid-up equity share capital of the Company in its name from the demat account of United Breweries (Holdings) Limited which is under liquidation. However, UBL has not received any disclosure from United Breweries (Holdings) Limited in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011. The Recovery Officer-I, DRT-II, pursuant to a block deal through BSE/NSE on March 27, 2019 has transferred 74,04,932 constituting 2.80% Equity Shares of the Company to Heineken International B.V.

6. On October 10, 2018, certain officials from the Competition Commission of India ("CCI") had visited the Company for their investigation in relation to allegations of price-fixation and performed search of the premises and conducted inquiries with certain officers of the Company at its registered office. Pursuant to this, the Company has made requisite filings and also certain officials of the Company have appeared before the aforesaid authorities.

   The Company has not received any demand order in respect of this matter and the investigation is ongoing, hence it is not practicable to state an estimate of its financial effect, if any. Management, along-with its legal advisors, are in the continuous process of evaluating this matter and believe that there are mitigating circumstances to counter presumptions made against the Company by the CCI as contained in the Competition Act, 2002.

7. Based on a complaint filed by one Mr. Sanjeet Jaiswal on behalf of "Ashok Kumar Jaiswal, Licencee FL-2B, Beehive Alcoveb" (the Licencee) alleging criminal breach of trust for non-supply of goods against payment made in advance, an FIR was registered in Hussainganj Police Station, Lucknow against three employees of the Company. The Company had supplied goods to the Licencee after following due process under the Law.

   After investigation, a Final Report was prepared by Police that no case is made out. However, the case was re-opened and a Charge Sheet was filed by Police before the Trial Court on 13.02.2019 against the Company and three other employees of the Company inter alia alleging evasion of Excise Duty on which cognizance was taken by the Trial Court on 13.02.2019. The Company has challenged the criminal proceedings in the Hon'ble Allahabad High Court, Lucknow Bench wherein an interim order was passed by the Hon'ble High Court that "no coercive action will be taken against the applicants, subject to condition for deposit of adequate security regarding allegations of tax evasion, if any, fixed by the Court below within a week from today. It is also provided that applicants will not leave the country without permission of the Court below". In this connection, the Deputy Commissioner of Excise (Law) in his report dated 21.04.2019 filed before the Trial Court has confirmed that there is no evasion of Excise Duty by the Company. Despite a clean report by the Excise Department, the Trial Court directed the Company to furnish Security amount of Rs.45 Lacs which has been furnished by the Company. Further, as directed by the Trial Court, undertakings along with personal bonds of Rs.50 Lac each have been submitted by three employees and the Company Secretary before the Trial Court that they will not travel out of the Country without permission of the Court.

   A supplementary Charge Sheet has also been filed by Police before the Trial Court on 03.04.2019 against the Directors and Company Secretary of the Company alleging the charges of economic offence on which cognizance was taken by the Trial Court on 03.04.2019. The Company is in the process of taking appropriate legal recourse to challenge the supplementary Charge Sheet dated and the summoning order dated 03.04.2019 before the jurisdictional Courts.

8. During the year, the Company had received e-mails/letter whereby allegations were raised against an employee of the Company relating to his involvement in certain irregularities in the procurement of packing materials from certain select vendors. Based on an initial inquiry on this matter, the service of the said employee was terminated. The Company is conducting a detailed investigation in this matter which is currently in progress. Management is of the view that although the actual financial impact, if any, which may arise from this matter can be ascertained only after completion of the investigation, the amount involved is not expected to be material, considering the profitability of the Company.

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

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

General Shareholder Information

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

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

* In terms of the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is required to publish Audited Results for the last quarter within 60 days of the end of the financial year.

Annual General Meeting Information

Board Meeting for consideration of Accounts	May 20, 2019
Cut-off-Date for ascertaining shareholders entitled for Notice	July 19, 2019
Posting of Annual Report	July 27, 2019
Cut-off-Date for determining the eligibility to vote by remote e-voting system and at the AGM	August 15, 2019 (close of business hours)
Book Closure dates	August 16, 2019 to August 22, 2019 (both days inclusive)
Last date for receiving proxy	August 20, 2019, at 11.00 a.m.
Remote E-voting starting date and time	August 19, 2019, at 9.00 a.m.
Remote E-voting closure date and time	August 21, 2019, at 5.00 p.m.
Date of Annual General Meeting	August 22, 2019
Time	11.00 a.m.
Venue	Level 1, UB City #24, Vittal Mallya Road, Bengaluru – 560 001.
Dividend payment date	September 21, 2019

UNITED BREWERIES LIMITED

In terms of Companies Act, 2013 service of documents including Annual Report, Notice of Annual General Meeting and other requisite correspondence may be made by the Company to its Shareholders by Electronic mode. In continuation of our endeavour to support the Green Initiative of e-communication, the Company is sending the Annual Report and Notice convening 20th Annual General Meeting by electronic mode to the shareholders. The Annual Report and the Notice is also available on the website of the Company viz., www.unitedbreweries.com.

Listing with Stock Exchanges

The Equity Shares of UBL are listed with National Stock Exchange of India Limited and BSE Limited. UBL has paid the Annual Listing Fee to all these Stock Exchanges for the year 2019 – 2020. The Scrip Code of Equity Shares on these Stock Exchanges are as under:

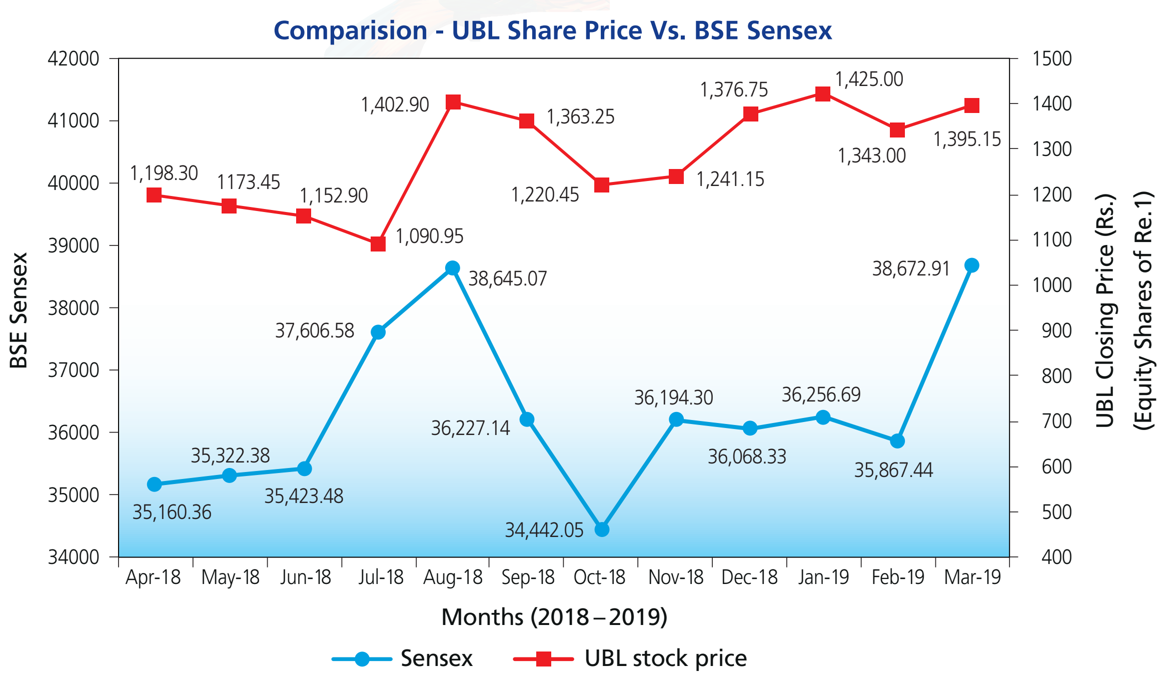
STOCK EXCHANGE	SCRIP CODE
BSE LIMITED Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532478
NATIONAL STOCK EXCHANGE OF INDIA LIMITED Address: Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051	UBL

Market price data of the Company's Equity Shares traded on the BSE Limited (BSE), during the period April 2018 to March 2019

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Sensex – Close
April, 2018	1,209.00	945.00	1,198.30	35,160.36
May, 2018	1,268.90	1,078.00	1,173.45	35,322.38
June, 2018	1,314.85	1,110.50	1,152.90	35,423.48
July, 2018	1,209.00	1,029.60	1,090.95	37,606.58
August, 2018	1,462.35	1,090.25	1,402.90	38,645.07
September, 2018	1,464.20	1,251.15	1,363.25	36,227.14
October, 2018	1,363.25	1,083.00	1,220.45	34,442.05
November, 2018	1,348.00	1,221.55	1,241.15	36,194.30
December, 2018	1,413.00	1,180.00	1,376.75	36,068.33
January, 2019	1,493.75	1,347.40	1,425.00	36,256.69
February, 2019	1,469.15	1,312.25	1,343.00	35,867.44
March, 2019	1,428.80	1,293.00	1,395.15	38,672.91

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

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



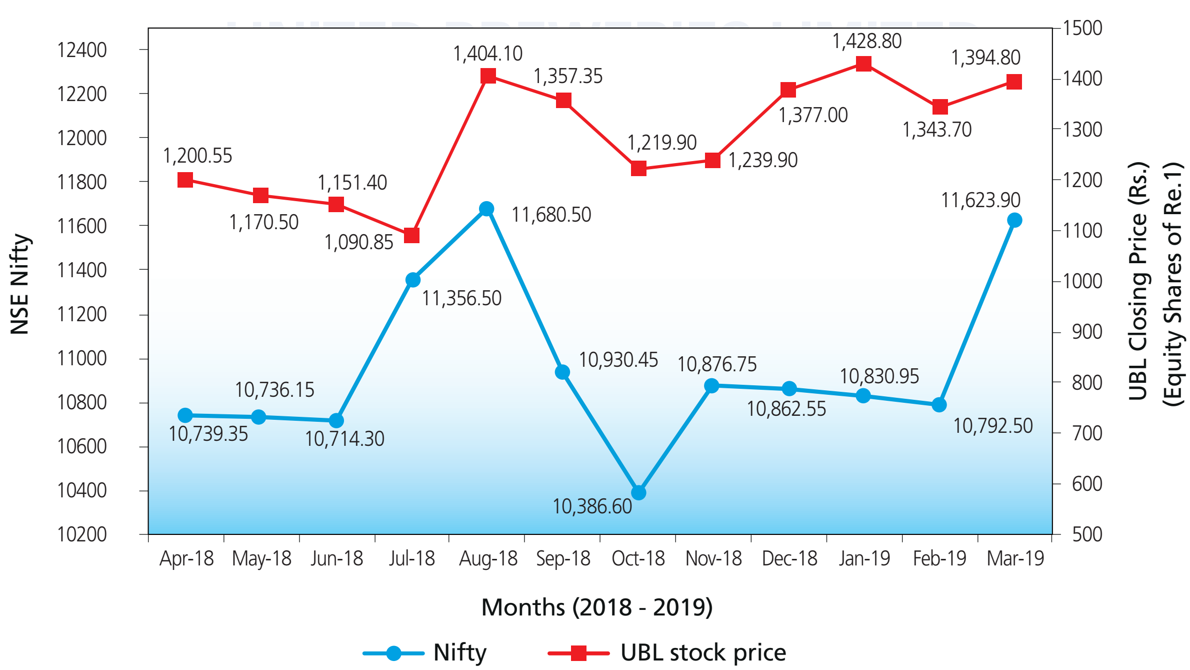
Market price data of the Company's Equity Shares traded on the National Stock Exchange of India Limited, (NSE) during the period April 2018 to March 2019.

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Nifty – Close
April, 2018	1,205.00	942.50	1,200.55	10,739.35
May, 2018	1,270.00	1,083.00	1,170.50	10,736.15
June, 2018	1,314.00	1,112.10	1,151.40	10,714.30
July, 2018	1,209.00	1,031.80	1,090.85	11,356.50
August, 2018	1,462.00	1,089.25	1,404.10	11,680.50
September, 2018	1,466.95	1,253.85	1,357.35	10,930.45
October, 2018	1,364.90	1,083.00	1,219.90	10,386.60
November, 2018	1,349.45	1,218.00	1,239.90	10,876.75
December, 2018	1,411.90	1,185.00	1,377.00	10,862.55
January, 2019	1,491.40	1,345.60	1,428.80	10,830.95
February, 2019	1,469.90	1,311.65	1,343.70	10,792.50
March, 2019	1,464.65	1,292.00	1,394.80	11,623.90

(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:

Comparision - UBL Share Price Vs. NSE Nifty



Share Transfer System

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

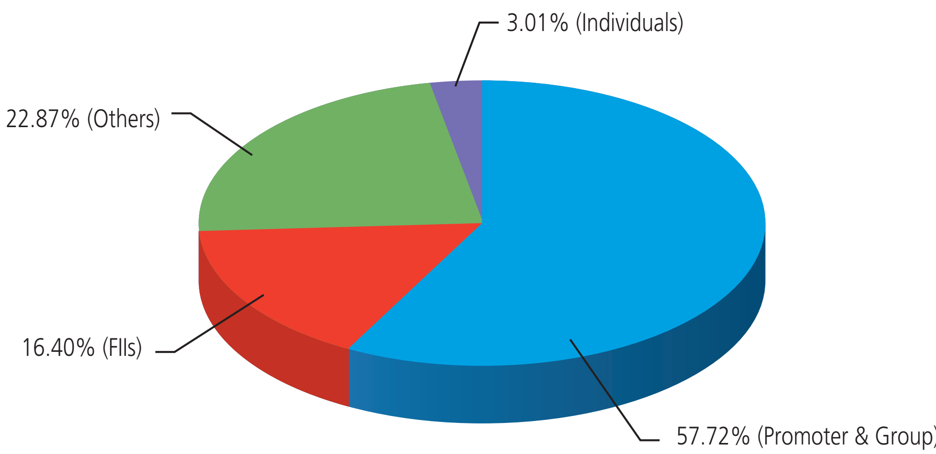
The distribution of shareholding as on March 31, 2019 is furnished below:

Category (Rs.)	No. of Shareholders	% (Percentage)	No. of Shares held	% (Percentage)
Up to 5000	35,491	98.82	6,653,145	2.52
5001 – 10000	127	0.35	946,875	0.36
10001 – 20000	82	0.23	1,208,874	0.46
20001 – 30000	38	0.11	947,862	0.36
30001 – 40000	10	0.03	349,295	0.13
40001 – 50000	19	0.05	856,900	0.32
50001 – 100000	39	0.11	2,829,337	1.07
100001 and Above	109	0.30	250,612,861	94.78
Total	**35,915**	**100**	**264,405,149**	**100**

Shareholding Pattern as on March 31, 2019

Category	No. of Shares held	Percentage of Shareholding
Promoters		
Indian	29,179,240	11.03
Foreign	123,437,545	46.69
Sub-Total	**152616785**	**57.72**
Foreign Institutional Investors (FIIs)	**43,368,488**	**16.40**
Individuals	**7,948,586**	**3.01**
Others		
IEPF	1,378,547	0.52
Mutual Funds	8,998,137	3.40
Banks / Financial Institution	99,045	0.04
Central / State Governments	42,705,418	16.15
Insurance Companies	—	—
Bodies Corporate	4,861,147	1.83
Trust	252,837	0.10
NRI	450,573	0.17
Clearing Members	705,438	0.27
Overseas Corporate Bodies	1,700	0.00
Qualified Foreign Investors	1,018,448	0.39
Sub-Total	**111,788,364**	**42.28**
Total	**264,405,149**	**100**

Pie-Chart of Shareholding Pattern



Equity Shares of the Company held by Promoters, Directors and Key Managerial Personnel

Sl. No.	Name	Number of Equity Shares held			
		As on March 31, 2019		As on March 31, 2018	
		No. of Shares	% of Total	No. of Shares	% of Total
Promoters					
1.	Dr. Vijay Mallya (singly & jointly)	21,353,620	8.08	21,353,620	8.08
2.	United Breweries (Holdings) Limited	Nil	Nil	26,948,843	10.19
3.	Mallya Private Limited	Nil	Nil	9,786,666	3.70
4.	McDowell Holdings Limited	4,551,000	1.72	6,222,344	2.35
5.	Kamsco Industries Limited	3,274,000	1.24	5,523,636	2.09
6.	The Gem Investment & Trading Company Private Limited	Nil	Nil	4,315,132	1.63
7.	Pharma Trading Company Private Limited	620	0.00	1,514,366	0.57
8.	Devi Investments Private Limited	Nil	Nil	1,859,300	0.70
9.	UB Overseas Limited	427,740	0.16	427,740	0.16
10.	Vittal Investments Private Limited	Nil	Nil	375,955	0.14
11.	Scottish & Newcastle India Limited	89,994,960	34.04	89,994,960	34.04
12.	Heineken International BV	24,525,575	9.28	17,120,643	6.48
13.	Heineken UK Limited	8,489,270	3.21	8,489,270	3.21
	Total	**152,616,785**	**57.57**	**193,932,475**	**73.32**
Directors & Key Managerial Personnel					
1.	Mr. Shekhar Ramamurthy	1,150	0.00	1,150	0.00
2.	Mr. Sunil Alagh	0.00	0.00	1,000	0.00
3.	Mr. Govind Iyengar	NIL	NIL	NIL	NIL

Note: As per confirmation received from Registrar and Share Transfer Agent. Please also refer to point 5 on page no. 50 under the heading "Additional Disclosures" in this report for further information.

Dematerialization of Shares

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

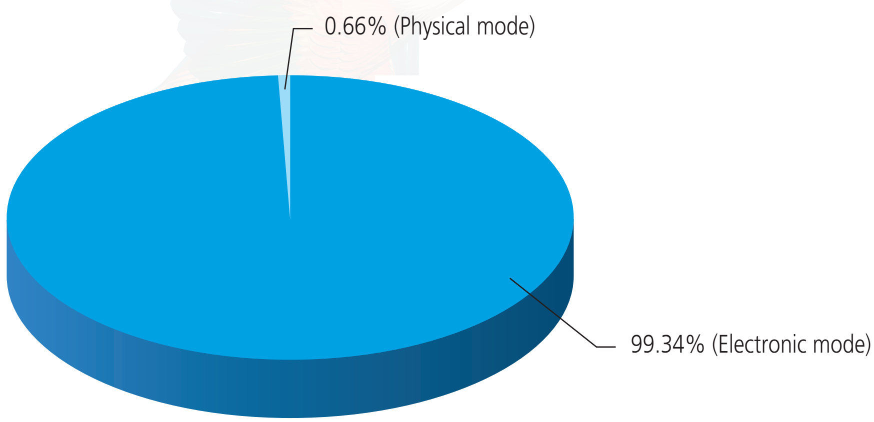
Effective April 01, 2019, transfer of Equity Shares of the Company held in physical form will not be processed and accepted in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), as amended by SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018. Members holding Equity Shares in physical form may open a demat account with any depository participant and get their physical shareholding converted into dematerialised form. This will bring numerous advantages including convenience in managing shareholding, transfer and trading in Equity Shares.

Procedure for dematerialisation of physical shareholding is placed on the website of the Company and can be viewed using the weblink http://unitedbreweries.com/pdf/investorinfodividend/Guidance%20Note_Dematerialise%20Shares.pdf.

The status of Dematerialization of the Company's Shares as on March 31, 2019 is as under:

Mode	No. of Shares	% age	No. of Shareholders
Physical mode	17,37,345	0.66	5,975
Electronic mode	26,26,67,804	99.34	29,970
TOTAL	**264,405,149**	**100.00**	**35,945**

Shares held in physical and demat form as on March 31, 2019



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 REGISTRY MANAGEMENT SERVICES PRIVATE LIMITED
30, RAMANA RESIDENCY, 4TH CROSS, SAMPIGE ROAD, MALLESWARAM, BENGALURU-560 003.
Tel. No.: (+91 080) 2346 0815 to 2346 0818 Fax No.: (+91 080) 2346 0819
CIN : U74900TN2015PTC101466; email: irg@integratedindia.in
Contact Person: MR. VIJAYAGOPAL
Investors can also post their queries to 'ublinvestor@ubmail.com'

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

Independent Auditor's Report

To the Members of United Breweries Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of United Breweries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to below mentioned notes to the accompanying standalone Ind AS financial statements:

(a) Note 35(c) which more fully describes the uncertainty relating to the future outcome of ongoing investigation by the Competition Commission of India ("CCI"); and

(b) Note 43 which more fully describes the uncertainty relating to the outcome of special leave petition filed by the Bihar State Government before the Honourable Supreme Court of India and the consequential impact thereof.

Our opinion is not qualified in respect of aforesaid matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition from sale of products (as described in Note 2.1(v) and 21 of the standalone Ind AS financial statements)	
Revenue from the sale of products is recognised when control of the products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and incentives. Significant judgement is required in estimating accruals relating to allowances, discounts and incentives recognised in relation to sales made during the year.	• Our audit procedures included, amongst others, assessing the Company's revenue recognition accounting policies, including those relating to allowances, discounts and incentives. • We understood, evaluated and tested the operating effectiveness of internal controls over recognition of revenue, discounts, and incentives. • We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives. • We tested sales transactions near year end date as well as credit notes issued after the year end date. • We discussed and evaluated management assessment of estimates relating to allowances, discounts and incentives. • We assessed the disclosures in the standalone Ind AS financial statements in respect of revenue.
Provision for trade receivables (as described in Note 2.1(v), 9 and 40(b) of the standalone Ind AS financial statements)	
Trade receivable balances represent significant portion of the total assets as at March 31, 2019. Trade receivables include dues from state government corporations, distributors, retailers and contract manufacturing units. The Company creates provision for all unsecured trade receivables based on management estimates. Timing of collection of dues from the customers may differ from the actual credit period. Significant judgment is required by the management to estimate the amounts unlikely to be ultimately collected.	• We understood, evaluated and tested the operating effectiveness of internal controls over trade receivables. • We performed audit procedures on existence of trade receivables, which included reading and comparing balance confirmations with books, testing subsequent receipts and sales transactions for audit samples. • We evaluated the assumptions used to calculate the provision for trade receivables through analysis of ageing and past trend of bad debts write off. • We discussed and evaluated management assessment for receivables which were due for more than their respective credit periods. • We considered the disclosures in the standalone Ind AS financial statements for compliance with disclosure requirements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Impairment of investment in subsidiary</u>
(as described in Note 2.1(v) and 5 of the standalone Ind AS financial statements)</td></tr>
<tr><td>The Company has investment of Rs. 4,500 Lakhs in equity shares of Maltex Malsters Limited ('MML'), subsidiary, against which an provision for impairment of Rs. 1,959 Lakhs is carried as at March 31, 2019.

Management has undertaken an impairment assessment as at year end which involve use of significant estimates and assumptions.</td><td>• We discussed and evaluated management assessment of impairment of investment in subsidiary.
• We evaluated the objectivity and independence of Company's specialists involved in the valuation process.
• We assessed the valuation method used and evaluated the key assumptions used by the management.
• We considered the disclosures in the standalone Ind AS financial statements for compliance with disclosure requirements.</td></tr>
<tr><td colspan="2"><u>Tax provisions and contingencies</u>
(as described in Note 2.1(v), 16, 30 and 35(a) of the standalone Ind AS financial statements)</td></tr>
<tr><td>The Company has received various income tax demand orders and notices relating to transfer pricing, disallowance of certain expenses, etc. and has also received various indirect tax and other demand orders and notices, which are under litigation. The Company is contesting these demands and has made provision where the outflow of resources embodying economic benefits is considered to be probable.

Significant judgements and estimates are required to assess impact of these litigations on the financial position, results of operations and cash flows.</td><td>• We assessed the design, implementation and operative effectiveness of management's key internal controls over recognition / disclosure of tax provisions and contingencies.
• We read the confirmations from the Company's external legal counsel on significant litigations. We evaluated the independence, objectivity and competency of the Company's specialists involved.
• We read relevant tax and other laws and discussed with the management, to understand the underlying matters in the demand orders / notices and basis for management judgement and estimates.
• We included tax specialists in our team to perform an evaluation of assumptions used and relevant judgements passed by the authorities.
• We assessed the related disclosures in the standalone Ind AS financial statements for compliance with disclosure requirements.</td></tr>
</table>

UNITED BREWERIES LIMITED

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the directors' report and the corporate governance report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements

or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) The matter described in paragraph (a) of Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
   (f) On the basis of the written representations received from the directors as on March 31, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164(2) of the Act;
   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 16 and 35(a) to the standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place of signature: Bengaluru
Date: May 20, 2019

Independent Auditor's Report contd.

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

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

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

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management and confirmation from banks relating to title deeds of immovable properties mortgaged with the banks (refer Note 14 to the accompanying standalone Ind AS financial statements for details) for securing the borrowings raised by the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company, except for 1 immovable property of 9.04 acres (forming part of land parcel of 23.87 acres with gross book value of Rs. 211 Lakhs) where registration of title deed is pending, 2 immovable properties aggregating to 0.54 acres (forming part of land parcel of 142.96 acres with gross book value of Rs. 4,309 Lakhs) for which title deeds are under dispute and pending resolution at the Civil Courts as at March 31, 2019 and 3 immovable properties aggregating to 106.80 acres (with gross book value of Rs. 1,696 Lakhs) for which title deeds are held in the name of erstwhile merged entities.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with outside parties have been confirmed by them as at March 31, 2019 and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii)(a),(b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of investments made by the Company have been complied with. The Company has not advanced loans to directors / to a company in which the director is interested to which provisions of section 185 of the Act apply and has not given loans /guarantees/ provided security to which the provisions of section 186 of the Act apply and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. Also refer Note 35(d) to the standalone Ind AS financial statements relating to the Supreme Court judgment on Provident Fund.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of the dues	Amount (including interest and penalty) (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income tax/tax deducted at source	13,685	6,244	FY 2002-03 to 2009-10, 2012-13 and 2013-14	Income Tax Appellate Tribunal
		5,278	1,200	FY 2002-03 to 2010-11	Commissioner of Income Tax (Appeals)
		2,795	—	FY 2014-15	Dispute Resolution Panel
		2,759	458	FY 2001-02 to 2009-10	High Court of Madras
		2,159	664	FY 2003-04 to 2008-09	High Court of Karnataka
		20	—	FY 2007-08 to 2017-18	Commissioner of Income Tax (TDS)
The Finance Act, 1994	Service tax	7,220	—	2004-05 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal
		2,273	—	2010-11	Commissioner of Service Tax, Bangalore
		2,192	96	2009-10 to 2011-12	Commissioner of Customs and Central Excise, Aurangabad
		1	—	2012-13 to 2015-16	Deputy Commissioner (Audit) Central Excise, Customs & Service Tax
The Central Excise Act, 1944	Excise duty/ disallowance of cenvat credit	82	—	2010-11 to 2015-16	Commissioner of Customs, Central Excise & Service tax Appellate Tribunal
		67	9	2005-06 to 2007-08, 2013-14 and 2014-15	Customs, Excise and Service Tax Appellate Tribunal
		28	—	2009-10 to 2015-16	Commissioner of Customs, Central Excise & Service tax (Appeals)
		16	—	2010-11 to 2014-15	Commissioner (Appeals), Central Excise
		1	—	2007-08	Commissioner (Appeals) Central Excise, Chandigarh
State Excise (various statutes)	Excise duty, Storage and privilege fee, etc.	10,929	—	2015-16	Deputy Commissioner Revenue, Bangalore
		969	969	2013-14, 2017-18 and 2018-19	High Court of Rajasthan
		218	150	1999-00 to 2005-06	High Court of Karnataka
		56	—	2015-16	Deputy Commissioner, Guwahati
		43	13	1988-89	High Court of Calcutta

Independent Auditor's Report contd.

Name of the statute	Nature of the dues	Amount (including interest and penalty) (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
State Excise (various statutes) (Continued)	Excise duty, Storage and privilege fee, etc.	38	38	2011-12 to 2015-16	High Court of Bombay at Goa
		19	5	2008-09 to 2012-13	High Court of Madhya Pradesh
		3	—	2000-01 to 2003-04	Excise Commissioner, Karnataka
Sales Tax (various statutes)	Sales tax/Value added tax/Entry tax	5,883	2,394	2001-02 to 2013-14	Rajasthan Tax Board, Ajmer
		4,253	6	2008-09 to 2013-14	Joint Commissioner of Commercial Taxes (Appeal), Maharashtra
		579	24	2012-13	The Appeal Authority, Commercial Taxes, Alwar
		472	—	2014-15 and 2015-16	Assistant Commercial Tax Officer, Ponda.
		438	—	2006-07 and 2007-08	The West Bengal Sales Tax Appellate and Revisional Board
		274	45	2006-07, 2009-10, 2012-13 and 2015-16	Karnataka Appellate Tribunal
		262	—	2008-09 to 2011-12, 2013-14 and 2014-15	Joint Commissioner of Commercial Taxes (Appeal), Patna
		246	20	2010-11, 2011-12 and 2013-14	Joint Commissioner of Commercial Taxes (Appeal), Bengaluru
		224	126	2006-07 to 2008-09, 2010-11 to 2012-13 and 2014-15 to 2015-16	Joint Commissioner of Commercial Taxes (Appeal), Mangaluru
		166	2	2014-15 and 2015-16	Additional Commissioner of Sales Tax, West Bengal
		84	—	2007-08 and 2008-09	Supreme Court of India
		63	—	2002-03	Jt. Excise and Taxation Commissioner (Appeals), Faridabad
		27	—	2014-15 to 2017-18	Appellate Deputy Commissioner, Andhra Pradesh
		22	8	2003-04 and 2006-07	Maharashtra Sales Tax Tribunal
		21	—	2011-12 and 2012-13	Commissioner of Commercial Taxes, Bihar
		17	1	2011-12 to 2016-17	Deputy Commissioner Appeals, Alwar
		13	—	2008-09 and 2011-12	The Commercial Taxes Tribunal, Bihar
		10	4	2005-06 to 2007-08	Sales Tax Appellate Tribunal, Andhra Pradesh
		7	—	2013-14 and 2014-15	Additional Commissioner of Commercial taxes (Appeal), Berhampur

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institution or banks. The Company did not have loans or borrowings from government or any outstanding dues in respect of debenture holders during the year.

(ix) In our opinion and according to information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purposes for which loans were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and hence not commented upon.

(x) As more fully described in Note 42 to the standalone Ind AS financial statements, we were informed by the management of allegations received by the Company against an employee relating to his involvement in certain irregularities in the procurement of packing materials from certain select vendors. We were further informed by the management that based on an initial inquiry, the service of the said employee was terminated, the Company is conducting a detailed investigation on this matter which is currently in progress and the amount involved is not expected to be material. Other than the aforesaid allegation, based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable, and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place of signature: Bengaluru
Date: May 20, 2019

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

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

We have audited the internal financial controls over financial reporting of United Breweries Limited ("the Company") as of March 31, 2019, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Standalone Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Standalone Ind AS Financial Statements

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements as at March 31, 2019:

The Company's internal financial control over evaluation and selection of vendors for procurement of packing materials was not operating effectively and requires further strengthening. This could potentially result in misstatements in the financial statements.

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

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements as of March 31, 2019, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as of March 31, 2019.

Explanatory Paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act, the standalone Ind AS financial statements of the Company, which comprise the Balance Sheet as at March 31, 2019, and the related Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. The aforesaid material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone Ind AS financial statements of the Company and this report does not affect our report dated May 20, 2019, which expressed an unqualified opinion on those standalone Ind AS financial statements.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place of signature: Bengaluru
Date: May 20, 2019

Balance Sheet as at March 31, 2019

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

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,72,525	1,67,979
Capital work-in-progress		18,992	7,227
Intangible assets	4	2,694	2,526
Financial assets			
(i) Investments	5	2,568	2,557
(ii) Others	6	5,828	5,277
Income tax assets (net)		17,493	10,828
Other non-current assets	7	17,786	11,899
		2,37,886	2,08,293
Current assets			
Inventories	8	1,03,080	80,644
Financial assets			
(i) Trade receivables	9	1,51,002	1,49,835
(ii) Cash and cash equivalents	10	3,988	1,520
(iii) Bank balances other than (ii) above	11	524	496
(iv) Others	6	71	1,040
Other current assets	7	41,309	30,077
		2,99,974	2,63,612
Total assets		**5,37,860**	4,71,905
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	2,644	2,644
Other equity	13	3,15,545	2,66,201
		3,18,189	2,68,845
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	7,543	20,500
(ii) Others	15	955	907
Provisions	16	163	93
Deferred tax liability (net)	17	1,147	1,828
		9,808	23,328
Current liabilities			
Financial liabilities			
(i) Borrowings	18	600	5,278
(ii) Trade payables	19		
- Total outstanding dues to micro and small enterprises		4,426	481
- Total outstanding dues of creditors other than micro and small enterprises		54,568	51,791
(iii) Others	15	70,025	54,821
Other current liabilities	20	72,151	59,298
Provisions	16	8,093	8,063
		2,09,863	1,79,732
Total equity and liabilities		**5,37,860**	4,71,905
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839
Place: Bengaluru
Date: May 20, 2019

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Chugh Yoginder Pal
Director
DIN: 00106536

P A Poonacha
Senior Vice President –
Finance & Accounts - CFO
Place: Bengaluru
Date: May 20, 2019

Govind Iyengar
Senior Vice President –
Legal and Company Secretary

Statement of Profit and Loss for the year ended March 31, 2019

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

	Notes	March 31, 2019	March 31, 2018
INCOME			
Revenue from contracts with customers (including excise duty)	21	14,13,682	12,43,831
Other income	22	3,170	1,298
Total		**14,16,852**	12,45,129
EXPENSES			
Cost of materials consumed	23	2,92,714	2,51,657
Purchase of stock-in-trade	24	16,477	11,343
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(7,447)	2,286
Excise duty on sale of goods		7,66,439	6,80,958
Employee benefits expense	26	44,386	39,463
Finance costs	27	3,120	4,765
Depreciation and amortisation expense	28	25,978	25,960
Other expenses	29	1,87,337	1,68,014
Total		**13,29,004**	11,84,446
Profit before tax		**87,848**	60,683
Tax expense	30		
Current tax		32,234	24,078
Deferred tax credit		(664)	(2,794)
Total tax expense		**31,570**	21,284
Profit for the year		**56,278**	39,399
Other comprehensive income (OCI)			
Items that will not be reclassified to the statement of profit and loss in subsequent periods			
Re-measurement losses on defined benefit plans		(293)	(469)
Income tax effect on above		102	164
Items that will be reclassified to the statement of profit and loss in subsequent periods			
Net movement in cash flow hedges	31	261	236
Income tax effect on above		(85)	(82)
		(15)	(151)
Total comprehensive income for the year		**56,263**	39,248
Earnings per share in Rs. [nominal value per share Re.1 (Previous year: Re.1)]	32		
Basic		21.29	14.90
Diluted		21.29	14.90
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839
Place: Bengaluru
Date: May 20, 2019

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Chugh Yoginder Pal
Director
DIN: 00106536

P A Poonacha
Senior Vice President –
Finance & Accounts - CFO
Place: Bengaluru
Date: May 20, 2019

Govind Iyengar
Senior Vice President –
Legal and Company Secretary

Cash Flow Statement for the year ended March 31, 2019

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

		Notes	March 31, 2019	March 31, 2018
A	**Cash flow from operating activities**			
	Profit before tax		87,848	60,683
	Adjustments for:			
	Depreciation and amortisation expense		25,978	25,960
	Bad debts/advances written off		334	1
	Provision for impairment of trade receivables		392	3,349
	Provision for doubtful advances		54	333
	Net (gain)/ loss on sale of property, plant and equipment		(28)	60
	Effect of adoption of new revenue recognition accounting standard Ind-AS 115 (Refer Note 2.2)		(549)	—
	Exchange differences (net)		91	100
	Liabilities no longer required written back		(340)	(381)
	Provision for impairment of trade receivables, no longer required written back here		(1,894)	(382)
	Provision for doubtful advances, no longer required written back		(14)	(2)
	Interest expense		3,063	4,707
	Interest income		(686)	(172)
	Dividend income		(23)	(23)
	Operating profits before working capital changes		**1,14,226**	94,233
	Movement in working capital:			
	(Increase)/decrease in Inventories		(22,436)	(5,630)
	(Increase)/decrease in Trade receivables		49	(23,243)
	(Increase)/decrease in Other financial assets		683	3,814
	(Increase)/decrease in Other assets		(14,793)	(6,812)
	Increase/(decrease) in Trade payables		7,214	6,540
	Increase/(decrease) in Other financial liabilities		5,734	2,063
	Increase/(decrease) in Other current liabilities and provisions		12,660	10,544
	Cash generated from operations		**1,03,337**	81,509
	Direct taxes paid (net of refund)		(38,899)	(25,308)
	Net cash flow from operating activities (A)		**64,438**	56,201
B	**Cash flow from investing activities**			
	Purchase of property, plant and equipment including capital work-in-progress, intangible assets and capital advances		(43,766)	(20,169)
	Proceeds from sale of property, plant and equipment		130	27
	Investments in equity shares		(11)	(7)
	Investments in bank deposits (having original maturity of more than three months)		(528)	(550)
	Redemption/maturity of bank deposits (having original maturity of more than three months)		495	899
	Interest received		687	185
	Dividend received from subsidiary company		23	23
	Net cash used in investing activities (B)		**(42,970)**	(19,592)

UNITED BREWERIES LIMITED

Cash Flow Statement contd.

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

	Notes	March 31, 2019	March 31, 2018
C Cash flow from financing activities			
Proceeds from long-term borrowings		49	7,500
Repayment of long-term borrowings		(5,671)	(19,784)
Proceeds from/(repayment of) short-term borrowings (net)		(4,678)	(15,912)
Interest paid		(3,131)	(5,073)
Dividend paid to equity shareholders		(4,487)	(2,461)
Dividend distribution tax paid		(1,082)	(614)
Net cash flow used in financing activities (C)		**(19,000)**	(36,344)
Net increase in cash and cash equivalents (A+B+C)		**2,468**	265
Cash and cash equivalents at the beginning of the year		1,520	1,255
Cash and cash equivalents at the end of the year		**3,988**	1,520
Components of cash and cash equivalents			
Cash on hand		12	19
Bank balances on current accounts*		3,959	1,498
Bank balances on deposit accounts with original maturity of three months or less		17	3
Total cash and cash equivalents		**3,988**	1,520

*Includes Rs. 2,090 Lakhs (Previous Year: Rs. 1,289 Lakhs) towards unpaid dividend accounts which can be utilised only towards settlement of unpaid dividends.

The summary of changes arising from cash flow and non-cash flow changes in respect of borrowings is as below:

	Notes	March 31, 2019	March 31, 2018
Non-current borrowings (including current maturities)			
At beginning of the year		25,928	38,212
Cash flow changes		(5,622)	(12,284)
Non-cash changes		243	—
At end of the year		**20,549**	25,928
Current borrowings			
At beginning of the year		5,278	21,190
Cash flow changes		(4,678)	(15,912)
Non-cash changes		—	—
At end of the year		**600**	5,278
Summary of significant accounting policies	2.1		

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839
Place: Bengaluru
Date: May 20, 2019

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Chugh Yoginder Pal
Director
DIN: 00106536

P A Poonacha
Senior Vice President –
Finance & Accounts - CFO
Place: Bengaluru
Date: May 20, 2019

Govind Iyengar
Senior Vice President –
Legal and Company Secretary

Statement of Changes in Equity for the year ended March 31, 2019

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

a) Equity share capital

Equity shares of Re. 1 each issued, subscribed and fully paid

	As at March 31, 2019		As at March 31, 2018	
	Numbers	Rs. in Lakhs	Numbers	Rs. in Lakhs
Balance at the beginning of the year	26,44,05,149	2,644	26,44,05,149	2,644
Changes during the year	—	—	—	—
Balance at the end of the year	**26,44,05,149**	**2,644**	26,44,05,149	2,644

b) Other equity

	Reserves and surplus				Items of OCI	
	Capital redemption reserve	Securities premium	General reserve	Retained earnings	Cash flow hedge reserve	Total
	Note 13	Note 13	Note 13	Note 13	Note 13	
Balance as at April 1, 2017	24,690	62,938	27,361	1,15,949	(330)	2,30,608
Profit for the year	—	—	—	39,399	—	39,399
Other comprehensive income	—	—	—	(305)	154	(151)
Transfer from retained earnings	—	—	3,940	(3,940)	—	—
Cash dividends (Refer Note 13)	—	—	—	(3,041)	—	(3,041)
Dividend distribution tax	—	—	—	(614)	—	(614)
Balance as at March 31, 2018	**24,690**	**62,938**	**31,301**	**1,47,448**	**(176)**	**2,66,201**
Balance as at April 1, 2018	24,690	62,938	31,301	1,47,448	(176)	2,66,201
Profit for the year	—	—	—	56,278	—	56,278
Effect of adoption of new revenue recognition accounting standard Ind AS 115 (Refer Note 2.2)	—	—	—	(549)	—	(549)
Other comprehensive income	—	—	—	(191)	176	(15)
Transfer from retained earnings	—	—	5,628	(5,628)	—	—
Cash dividends (Refer Note 13)	—	—	—	(5,288)	—	(5,288)
Dividend distribution tax	—	—	—	(1,082)	—	(1,082)
Balance as at March 31, 2019	**24,690**	**62,938**	**36,929**	**1,90,988**	**—**	**3,15,545**

UNITED BREWERIES LIMITED

Capital redemption reserve – The said reserve was created by transfer from general reserve on redemption of preference shares. This reserve account can be applied in paying up unissued shares to be issued to members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

Securities premium – The reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares, in accordance with the provisions of the Companies Act, 2013.

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

General reserve – Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. The Company also voluntarily makes annual transfer of net income to general reserve. The amount transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Cash flow hedge reserve – The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit and loss when the hedged item affects the statement of profit and loss.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 20, 2019

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

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Director
DIN: 00106536

P A Poonacha
Senior Vice President –
Finance & Accounts - CFO

Govind Iyengar
Senior Vice President –
Legal and Company Secretary

Place: Bengaluru
Date: May 20, 2019

Notes to the standalone Ind AS financial statements for the year ended March 31, 2019

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

1. Corporate information

United Breweries Limited ("UBL" or "the Company") is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The registered office of the Company is located at UB Tower, UB city, 24, Vittal Mallya Road, Bengaluru 560001, Karnataka, India. The Company is primarily engaged in the manufacture, purchase and sale of beer and non-alcoholic beverages. The Company has manufacturing facilities in India. The standalone Ind AS financial statements were approved by the Board of Directors of the Company on May 20, 2019.

2. Basis of preparation of standalone Ind AS financial statements

The standalone Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable. The standalone Ind AS financial statements have been prepared on a historical cost basis, except for assets and liabilities which are required to be measured at fair value. The standalone Ind AS financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The significant accounting policies adopted for preparation and presentation of financial statements have been applied consistently, except for the changes in accounting policy for amendments to the standard that were issued effective for annual period beginning from on or after April 1, 2018 relating to Ind AS 115 on Revenue from Contract with Customers and Appendix B to Ind AS 21, Foreign currency transactions and advance consideration.

2.1 Summary of significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Foreign currencies

The standalone Ind AS financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date, the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

UNITED BREWERIES LIMITED

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income ("OCI") or the statement profit and loss are also recognised in OCI or the statement of profit and loss, respectively).

(c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the standalone Ind AS financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone Ind AS financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. External valuers are involved, wherever considered necessary.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. This note summarizes accounting policy for fair value and the other fair value related disclosures are given in the relevant notes.

Notes to the standalone Ind AS financial statements contd.

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

(d) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements, except in certain contract manufacturing arrangements as explained below, since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 115 issued by the Institute of Chartered Accountants of India ("ICAI"), the Company has assumed that recovery of excise duty flows to the Company on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, sales tax/value added tax (VAT), goods and services tax is not received by the Company on its own account and is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of products

Revenue from the sale of products is recognised when control of the products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and incentives.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception.

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Sale of services

Royalty income is recognized, on an accrual basis, at agreed rate on sale of branded products by the licensee, in accordance with the terms of the agreement. The Company provides non-exclusive license to the parties to manufacture, sell and distribute its goods in exchange of royalty fee which is based on the sales made to the end customer. The Company recognises revenue from sales-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the events occurs - (a) the subsequent sale occurs; and (b) the performance obligation to which some or all of the sales-based has been allocated has been satisfied (or partially satisfied).

Income from contract manufacturing units

The Company evaluates its revenue arrangements with Contract Manufacturing Units ("CMUs") to identify agency relationship.

The Company is regarded as a principal if it controls promised good or service before it transfers the good or service to customer. In case if the Company is a principal in a contract, it may satisfy a performance obligation by itself or may engage CMU to satisfy some or all of a performance obligation on its behalf. In this case, the Company recognises revenue at the gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. Revenue is recognized on sale of products to customers and the related cost of sales is also recognized by the Company, as and when incurred.

The Company is regarded as an agent if its performance obligation is to arrange for the provision of goods or services by CMU. In this case CMU is primarily responsible for fulfilling the contract and the Company does not have discretion in establishing prices and is also not exposed to inventory and credit risks for the amount receivable from the customer. In this case, the Company recognises revenue at the net amount of consideration that it retains after paying CMU the consideration received in exchange for the goods or services to be provided by that CMU.

This net consideration is recognized as income, as per the terms of respective agreement and on the basis of information provided by respective CMU. Such income is included under the head "other operating revenues" in the statement of profit and loss.

Interest

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. 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, which is generally when the shareholders approve the dividend.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Notes to the standalone Ind AS financial statements contd.

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

(f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities and assets are recognized for all taxable temporary differences and deductible temporary differences, except:

- when the deferred tax liability or asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable the statement of profit and loss; and
- in respect of taxable temporary differences and deductible temporary differences associated with investments in subsidiary and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction).

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 taxes relate to the same taxable entity and the same taxation authority.

Sales/value added tax/goods and services tax paid on acquisition of assets or on incurring expenses

When the tax incurred on purchase of assets or services is not recoverable from the taxation authority, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Otherwise, expenses and assets are recognized net of the amount of sales/ value added taxes/goods and services tax paid. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

(g) Property, plant and equipment

Property, plant and equipment, capital work-in-progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. Depreciation is calculated on a straight-line basis over the useful lives of the assets, estimated by the management, as follows:

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

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

For the purpose of depreciation calculation, residual value is determined as 5% of the original cost for all the assets, as estimated by the management basis independent assessment by an expert. The Company, based on technical assessment made by technical expert and management estimate, depreciates following assets, not included above, over the estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

(ii) Beer dispensers and coolers (included under furniture and fixtures) and Kegs (included under plant and equipment) are depreciated on a straight-line basis over a period of 3 years being useful life, as estimated by the management considering nature of these assets.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the standalone Ind AS financial statements contd.

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

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as finite.

Intangible assets are amortized over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognized in the statement of profit and loss, unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

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

	Useful life (years)
Licenses and rights	10
Brands	10

(i) Borrowing costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is or contains a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, Packing materials and bottles, Stores and spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and Work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Stock-in-trade: 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 the estimated costs necessary to make the sale.

(l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any 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") fair value less costs of disposal and its value in use. 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. When 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of the statement of profit and loss, unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(m) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Retirement and other employee benefits

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. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for 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 already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

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

Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Company has established a Superannuation Fund Trust to which contributions are made each month. The Company recognizes contribution payable to the superannuation fund scheme as expenditure, when an employee renders the related service. The Company has no other obligations beyond its monthly contributions.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Past service costs are recognized in the statement of profit and loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognizes related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes changes in the net defined benefit obligation which includes service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income, as an expense in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next twelve 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 twelve months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

(o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through the statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through the statement of profit and loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is measured at the amortised cost, if both of the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Notes to the standalone Ind AS financial statements contd.

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

A 'debt instrument' is classified as FVTOCI, if both of the following criteria are met:

(i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

(ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Company recognizes interest income, impairment losses and foreign exchange gain or loss in the statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of the investments. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Investment in subsidiary and associate

Investments in subsidiary and associate are carried at cost less allowance for impairment, if any.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve-month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include borrowings, trade and other payables, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through the statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through the statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through the statement of profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Borrowings is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Notes to the standalone Ind AS financial statements contd.

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

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though the statement of profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no re-classification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a re-classification is made only if there is a change in the business model for managing those assets. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the re-classification prospectively from the re-classification date, which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(p) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, currency and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to the statement of profit and loss when the hedge item affects the statement of profit and loss. For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognized firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The hedges that meet the criteria for hedge accounting are accounted for, as described below:

- Fair value hedges - The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit and loss.
- Cash flow hedges - The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss. The amounts recognized as OCI are transferred to the statement of profit and loss when the hedged transaction affects the statement of profit and loss, such as when the hedged financial income or financial expense is recognized. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the foreign currency firm commitment is met.

(q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(r) Cash dividend to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the standalone Ind AS financial statements.

(t) 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.

(u) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments of the Company are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(v) Significant accounting judgements, estimates and assumptions

The preparation of the standalone Ind AS financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its assumptions and estimates on parameters available when the standalone Ind AS financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The judgements, estimates and assumptions management has made which have the most significant effect on the amounts recognized in the standalone Ind AS financial statements are as below:

Revenue from contracts with customers

The Company determines and updates its assessment of expected allowances, discounts and incentives periodically and the accruals are adjusted accordingly. Estimates of expected allowances, discount and incentives are sensitive to changes in circumstances and the Company's past experience regarding these amounts may not be representative of actual amounts in the future.

Property, plant and equipment

The depreciation of property, plant and equipment is derived on determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by the management at the time of acquisition of asset and is reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

Impairment of financial and non-financial assets

Significant management judgement is required to determine the amounts of impairment loss on the financial and non-financial assets. These calculations are sensitive to underlying assumptions.

Tax provisions and contingencies

Significant management judgement is required to determine the amounts of tax provisions and contingencies, including the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.2 Changes to accounting policies and disclosures

The Company applied Ind AS 115 for the first time for year ended March 31, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Certain other amendments and interpretations were also applied for the first time for year ended March 31, 2019, but these do not have a material impact on the standalone Ind AS financial statements. The Company has not early adopted any standards or amendments that have been issued but are not yet effective as at year end.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 "Revenue from Contracts with Customers", mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. The application of Ind AS 115 has impacted the Company's accounting for revenue from sale of products with consequential impact on expenses and taxes. The Company has applied the modified retrospective approach and debited retained earnings as at April 1, 2018 by Rs. 549 Lakhs, net of tax effect.

The impact on standalone Ind AS financial statements arising from the application of Ind AS 115 vis-à-vis the amounts if replaced standard was applicable is increase / (decrease) as below:

	For the year ended March 31, 2019
Revenue from contracts with customers	(1,148)
Expense	(984)
Tax expense	(57)
Profit after tax	(107)
Basic / diluted earnings per share	(0.04)

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any material impact on the Company's standalone Ind AS financial statements.

2.3 Standards issued but not yet effective

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified certain amendments to Indian Accounting Standards (Ind AS), as below. All these amendments are effective from financial year beginning on or after April 1, 2019.

Ind AS 116 Leases

Ind AS 116 on Leases notified on March 30, 2019 replaces Ind AS 17 on Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

The Company will adopt this standard from the effective date and is currently assessing the adoption method and the potential impact the adoption of this standard will have on its standalone Ind AS financial statements.

Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments is to be applied while performing the determination of taxable the statement of profit and loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the Appendix, an entity shall determine whether it is probable that the relevant taxation authority would accept an uncertain tax treatment, or group of uncertain tax treatments, that the entity have used or plan to use in its income tax filings. An entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value of the tax treatment, for determining taxable profit or tax loss, tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition i.e. a) Full retrospective approach - under this approach, Appendix C shall be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 on Accounting Policies, Changes in Accounting Estimates and Errors, without using hind sight; or b) Retrospectively with cumulative effect of initially applying Appendix C recognized as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application and without restating the comparative information.

The Company will adopt Appendix C from the effective date and is currently assessing the adoption method and the potential impact the adoption of Appendix C will have on its standalone Ind AS financial statements.

Amendments to Ind AS 12 Income Taxes

The amendment clarifies that an entity shall recognise the income tax consequences of dividends when it recognises a liability to pay a dividend. Also, an entity shall recognise the income tax consequences of dividends in the statement of profit and loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company will adopt these amendments from the effective date and does not expect any material impact to arise on its standalone Ind AS financial statements from adoption of these amendments.

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

Amendments to Ind AS 19 Employee Benefits - Plan amendment, curtailment or settlement

The amendments to Ind AS 19, Employee Benefits relate to effects of plan amendment, curtailment or settlement. While determining the past service cost at the time of plan amendment or curtailment, an entity shall re-measure the amount of net defined benefit liability/asset using the current fair value of plan assets and current actuarial assumptions which shall reflect the benefits offered under the plan and plan assets before and after the plan amendment, curtailment or settlement. The amendments also require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement. An entity shall determine the effect of asset ceiling after the plan amendment, curtailment or settlement and shall recognise any change in that effect.

The Company will adopt these amendments from the effective date and does not expect any material impact to arise on its standalone Ind AS financial statements from adoption of these amendments.

Amendments to Ind AS 109 Financial Instruments

The amendments to Ind AS 109 relate to classification of a financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. According to the amendments, these instruments can be classified as measured at amortised cost, or measured at fair value through the statement of profit and loss, or measured at fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied.

The Company will adopt these amendments from the effective date and does not expect any material impact to arise on its standalone Ind AS financial statements from adoption of these amendments.

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Notes to the standalone Ind AS financial statements contd.

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

3. PROPERTY, PLANT AND EQUIPMENT

	Cost				Depreciation/Amortisation				Net book value
	As at April 1, 2018	Additions	Deletions	As at March 31, 2019	As at April 1, 2018	For the year	On Deletions	As at March 31, 2019	As at March 31, 2019
Freehold land (refer note a)	20,066	137	—	20,203	—	—	—	—	20,203
Leasehold land (refer note b)	11,516	5,952	—	17,468	847	152	—	999	16,469
Buildings (refer note c)	61,177	1,008	149	62,036	18,385	1,861	149	20,097	41,939
Leasehold improvements	64	—	—	64	64	—	—	64	—
Plant and equipment	2,51,374	19,848	2,528	2,68,694	1,61,794	21,749	2,444	1,81,099	87,595
Office equipments	1,657	95	18	1,734	1,215	129	18	1,326	408
Computers	1,646	217	40	1,823	1,272	117	39	1,350	473
Furniture and fixtures	16,907	2,562	29	19,440	14,453	1,215	18	15,650	3,790
Laboratory equipments	3,339	272	52	3,559	1,962	242	50	2,154	1,405
Vehicles	1,030	89	101	1,018	805	67	97	775	243
Total	**3,68,776**	**30,180**	**2,917**	**3,96,039**	**2,00,797**	**25,532**	**2,815**	**2,23,514**	**1,72,525**

Previous year

	Cost				Depreciation/Amortisation				Net book value
	As at April 1, 2017	Additions	Deletions	As at March 31, 2018	As at April 1, 2017	For the year	On Deletions	As at March 31, 2018	As at March 31, 2018
Freehold land (refer note a)	20,066	—	—	20,066	—	—	—	—	20,066
Leasehold land (refer note b)	11,322	194	—	11,516	723	124	—	847	10,669
Buildings (refer note c)	56,975	4,207	5	61,177	16,292	2,098	5	18,385	42,792
Leasehold improvements	64	—	—	64	64	—	—	64	—
Plant and equipment	2,35,453	18,222	2,301	2,51,374	1,42,715	21,301	2,222	1,61,794	89,580
Office equipments	1,524	143	10	1,657	1,090	135	10	1,215	442
Computers	1,578	78	10	1,646	1,192	90	10	1,272	374
Furniture and fixtures	15,984	935	12	16,907	12,992	1,467	6	14,453	2,454
Laboratory equipments	3,160	218	39	3,339	1,748	251	37	1,962	1,377
Vehicles	1,031	—	1	1,030	738	68	1	805	225
Total	**3,47,157**	**23,997**	**2,378**	**3,68,776**	**1,77,554**	**25,534**	**2,291**	**2,00,797**	**1,67,979**

a) Freehold land measuring 9.04 acres at Kuthambakkum (Tamilnadu) is pending registration in the name of the Company and titles of freehold land measuring 0.53 acres and 0.01 acres at Nanjangud (Karnataka) and Mallepally (Telangana), respectively, are in dispute and pending resolution in the Civil Courts as at March 31, 2019. Further, titles of freehold lands measuring 63.07 acres at Kothlapur (Telangana) is held in the name of erstwhile merged entity.

b) The titles of leasehold land measuring 43.73 acres at Aurangabad (Maharashtra) are held in the name of erstwhile merged entity.

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

	As at March 31, 2019	As at March 31, 2018
Gross block	27,261	26,981
Depreciation charge for the year*	777	1,039
Accumulated depreciation	8,188	7,411
Net block	**19,073**	**19,570**

*Net of depreciation on deletions

d) Refer Note 14 for details of property, plant and equipment predged as security against borrowings.

Notes to the standalone Ind AS financial statements contd.

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

4. INTANGIBLE ASSETS

	Cost				Depreciation / Amortisation				Net book value
	As at April 1, 2018	Additions	Adjustments	**As at March 31, 2019**	*As at April 1, 2018*	For the year	Adjustments	**As at March 31, 2019**	**As at March 31, 2019**
Licenses and rights	*10,571*	614	—	11,185	*8,045*	446	—	8,491	2,694
Goodwill	*6,543*	—	6,543	—	*6,543*	—	6,543	—	—
Brands	*631*	—	631	—	*631*	—	631	—	—
Total	***17,745***	**614**	**7,174**	**11,185**	***15,219***	**446**	**7,174**	**8,491**	**2,694**

Previous year

	Cost				Depreciation / Amortisation				Net book value
	As at April 1, 2017	*Additions*	*Adjustments*	*As at March 31, 2018*	*As at April 1, 2017*	*For the year*	*Adjustments*	*As at March 31, 2018*	*As at March 31, 2018*
Licenses and rights	*10,571*	—	—	*10,571*	*7,619*	*426*	—	*8,045*	*2,526*
Goodwill	*6,543*	—	—	*6,543*	*6,543*	—	—	*6,543*	—
Brands	*631*	—	—	*631*	*631*	—	—	*631*	—
Total	***17,745***	**—**	**—**	***17,745***	***14,793***	***426***	**—**	***15,219***	***2,526***

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Notes to the standalone Ind AS financial statements contd.

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

	As at March 31, 2019		As at March 31, 2018	
5. FINANCIAL ASSETS - NON-CURRENT INVESTMENTS				
(Unquoted)				
Trade investments (at cost)				
Equity instruments				
Investments in subsidiary company				
Maltex Malsters Limited ('MML') [22,950 (March 31, 2018: 22,950) equity shares of Rs. 100 each]	4,500		4,500	
Less: Provision for impairment in value of investments*	1,959	2,541	1,959	2,541
Investment in associate				
Kingfisher East Bengal Football Team Private Limited [4,999 (March 31, 2018: 4,999) equity shares of Rs. 10 each]		1		1
Non-trade investments (at fair value)				
Equity instruments				
The Zoroastrian Co-operative Bank Limited [2,000 (March 31, 2018: 2,000) equity shares of Rs. 25 each]		1		1
SABMiller India Limited (Formerly, Skol Breweries Limited) [300 (March 31, 2018: 300) equity shares of Rs. 10 each]**		0		0
Castle Breweries Ltd. (Formerly, Jupiter Breweries Industries Limited) [50 (March 31, 2018: 50) equity shares of Rs. 10 each]**		0		0
Mohan Meakin Limited [100 (March 31, 2018: 100) equity shares of Rs. 5 each]**		0		0
Blossom Industries Limited [100 (March 31, 2018: 100) equity shares of Rs. 3 each]**		0		0
The Cosmos Co-operative Bank Limited [Nil (March 31, 2018: 1,000) equity shares of Rs. 100 each]		—		1
Renew Wind Energy (Karnataka) Private Limited [8,400 (March 31, 2018: 3,000) equity shares of Rs. 100 each]		8		3
Mytrah Vayu (Manjira) Private Limited [1,44,000 (March 31, 2018: 72,000) equity shares of Rs. 10 each]		14		7
In government securities				
National savings certificate	18		18	
Less: Provision for impairment in value of investments	15	3	15	3
Total		**2,568**		2,557

* The fair value for the purpose of quantification of impairment loss has been estimated by an independent expert. The impairment in value of investment in MML is due to continued delay in obtaining necessary approvals to expand malting facility at MML, leading to losses due to high overhead costs incurred on operating at its current level of capacity. In view of management, no further provision for impairment is considered necessary as at March 31, 2019.

** Rounded off.

	As at March 31, 2019	As at March 31, 2018
Aggregate amount of unquoted investments (net)	2,568	2,557
Aggregate amount of impairment in value of investments	(1,974)	(1,974)

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

	Non-current		Current	
	As at March 31, 2019	*As at March 31, 2018*	**As at March 31, 2019**	*As at March 31, 2018*
6. FINANCIAL ASSETS - OTHERS				
Unsecured, considered good				
Financial instruments at fair value through OCI				
Cross currency interest rate swap*	—	—	—	968
Financial assets at amortised cost				
Security deposits	5,626	5,080	—	—
Bank deposits with remaining maturity of more than 12 months	104	53	—	—
Margin money deposits towards bank guarantees	98	144	—	—
Interest accrued on fixed deposits, deposits and advances	—	—	71	72
	5,828	5,277	**71**	1,040
Unsecured, Credit impaired				
Security deposits	74	74	—	—
Less: Provision for impairment	74	74	—	—
	—	—	—	—
Total	**5,828**	5,277	**71**	1,040

* Represents fair value of cross currency interest rate swap designated as cash flow hedge to hedge foreign currency and interest rate risks on borrowings.

	Non-current		Current	
7. OTHER ASSETS				
Unsecured, considered good				
Capital advances	6,622	4,208	—	—
Advances other than capital advances				
Advance to suppliers**	3,095	3,157	3,378	8,630
Advance to related party (Refer Note 38)	—	—	268	157
Employees and other advances	94	79	234	348
Prepaid expenses	2,535	169	7,141	5,429
Balance with statutory/ government authorities	4,801	3,647	30,288	15,513
Government grant receivable	639	639	—	—
	17,786	11,899	**41,309**	30,077
Unsecured, considered doubtful				
Capital advances	86	86	—	—
Advances other than capital advances				
Advance to suppliers	85	100	—	—
Balance with statutory/government authorities	322	267	—	—
Less: Provision for doubtful advances	493	453	—	—
	—	—	—	—
Total	**17,786**	11,899	**41,309**	30,077

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

There are no advances to directors or other officers of the Company or any of them either severally or jointly with any other person or advances to firms or private companies, respectively, in which any director is a partner or a director or a member.

Notes to the standalone Ind AS financial statements contd.

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

	As at March 31, 2019	As at March 31, 2018
8. INVENTORIES		
(valued at lower of cost and net realisable value)		
Raw materials [Includes in transit: Rs. 917 Lakhs (March 31, 2018: Rs. 20 Lakhs)]	26,412	20,178
Packing materials and bottles [Includes in transit: Rs. 1,328 Lakhs (March 31, 2018: Rs. 473 Lakhs)]	12,660	10,550
Work-in-progress	34,849	32,118
Finished goods*	24,581	13,567
Stock-in-trade [Includes in transit: Rs. 10 Lakhs (March 31, 2018: Rs. Nil)]	358	6
Stores and spares [Includes in transit: Rs. 494 Lakhs (March 31, 2018: Rs. 53 Lakhs)]	4,220	4,225
Total	**1,03,080**	80,644

*Net of provision for obsolete stock Rs. 1,463 Lakhs (March 31, 2018: Rs. 1,024 Lakhs).

During the year an amount of Rs. 1,555 Lakhs (March 31, 2018: Rs. 976 Lakhs) was recognised as an expense for inventories carried at net realisable values.

9. TRADE RECEIVABLES

	As at March 31, 2019	As at March 31, 2018
Considered good		
Secured	1,006	1,204
Unsecured	1,49,996	1,48,631
	1,51,002	1,49,835
Credit impairment		
Unsecured	5,404	6,906
Less: Provision for impairment	5,404	6,906
	—	—
Total	**1,51,002**	1,49,835

No debts are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Also, no debts are due from firms or private companies, respectively, in which any director is a partner or a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days. Management is of view that there are no receivables included above which have significant increase in credit risk as at year end.

10. CASH AND CASH EQUIVALENTS

	As at March 31, 2019	As at March 31, 2018
Bank balances on current accounts**	3,959	1,498
Bank deposits with original maturity of three months or less	17	3
Cash on hand	12	19
Total	**3,988**	1,520

**Includes balance in unpaid dividend account of Rs. 2,090 Lakhs (March 31, 2018: Rs. 1,289 Lakhs) and balances in exchange earners foreign currency accounts of Rs. 1,251 Lakhs (March 31, 2018: Rs. 41 Lakhs)

11. OTHER BANK BALANCES

	As at March 31, 2019	As at March 31, 2018
Bank deposits with original maturity of:		
Less than 12 months but more than 3 months	472	453
Greater than 12 months	52	43
Total	**524**	496

Other bank balances excludes bank deposits with remaining maturity of more than 12 months and margin money deposits (Refer Note 6)

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

	As at March 31, 2019	As at March 31, 2018
12. EQUITY SHARE CAPITAL		
Authorised share capital		
4,12,98,00,000 (March 31, 2018: 4,12,98,00,000) equity shares of Re. 1 each	41,298	41,298
5,86,00,000 (March 31, 2018: 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 (March 31, 2018: 26,44,05,149) equity shares of Re. 1 each	2,644	2,644
	2,644	2,644

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

	As at March 31, 2019		As at March 31, 2018	
	Nos.	Rs. in Lakhs	Nos.	Rs.in Lakhs
At the beginning of the year	26,44,05,149	2,644	26,44,05,149	2,644
Changes during the year	—	—	—	—
Outstanding at the end of the year	**26,44,05,149**	**2,644**	26,44,05,149	2,644

(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.

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

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

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Nos.	%	Nos.	%
Equity shares of Re.1 each fully paid				
Scottish & Newcastle India Limited	8,99,94,960	34.04%	8,99,94,960	34.04%
Deputy Director, Directorate of Enforcement	4,27,04,758	16.15%	—	—
Heineken International B.V.	2,45,25,575	9.28%	1,71,20,643	6.48%
Dr. Vijay Mallya (including joint holdings)	2,13,53,620	8.08%	2,13,53,620	8.08%
United Breweries (Holdings) Limited	—	—	2,69,48,843	10.19%

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

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

	As at March 31, 2019	As at March 31, 2018
Equity shares issued in 2012-13 on amalgamation of Scottish and Newcastle India Private Limited (Nos.)	**84,89,270**	84,89,270

Notes to the standalone Ind AS financial statements contd.

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

	As at March 31, 2019	As at March 31, 2018
13. OTHER EQUITY		
Capital redemption reserve		
Balance as per last standalone Ind AS financial statements	24,690	24,690
Securities premium		
Balance as per last standalone Ind AS financial statements	62,938	62,938
General reserve		
Balance as per last standalone Ind AS financial statements	31,301	27,361
Transfer from statement of profit and loss	5,628	3,940
Closing balance	**36,929**	31,301
Cash flow hedge reserve		
Balance as per last standalone Ind AS financial statements	(176)	(330)
Net movement on cash flow hedges (net of tax) (Refer Note 31)	176	154
Closing balance	**—**	(176)
Retained earnings		
Balance as per last standalone Ind AS financial statements	1,47,448	1,15,949
Profit for the year	56,278	39,399
Effect of adoption of new revenue recognition accounting standard Ind AS 115 (net of tax) (Refer Note 2.2)	(549)	—
Other comprehensive income	(191)	(305)
Appropriations		
Final equity dividend [amount per share Rs. 2 (Previous year: Rs. 1.15)]	(5,288)	(3,041)
Tax on equity dividend	(1,082)	(614)
Transfer to general reserve	(5,628)	(3,940)
Closing balance	**1,90,988**	1,47,448
Total reserves and surplus	**3,15,545**	2,66,201
Distribution made and proposed		
Cash dividends on equity shares declared and paid:		
Dividend for the year ended March 31, 2018: Rs. 2 per share (March 31, 2017: Rs. 1.15 per share)	5,288	3,041
Dividend distribution tax	1,082	614
	6,370	3,655
Proposed dividends on equity shares:		
Dividend for the year ended on March 31, 2019: Rs. 2.50 per share (March 31, 2018: Rs. 2 per share)	6.610	5,288
Dividend distribution tax	1,359	1,087
	7,969	6,375

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at year end.

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

	Non-current portion		Current portion	
	As at March 31, 2019	*As at March 31, 2018*	**As at March 31, 2019**	*As at March 31, 2018*
14. FINANCIAL LIABILITIES – NON-CURRENT BORROWINGS				
Secured borrowings				
Foreign currency term loan				
External commercial borrowing from bank	—	—	—	5,428
Indian currency term loans from banks	7,543	20,500	13,006	—
	7,543	20,500	**13,006**	5,428
Less: Amount disclosed under the head "Other financial liabilities"(Refer Note 15)	—	—	13,006	5,428
Total	**7,543**	20,500	—	—

Secured borrowings

Nature of security	Repayment and other terms
Foreign currency term loan	
Rabobank International: Rs. Nil Lakhs (March 31, 2018: Rs. 5,428 Lakhs) secured by pari-passu charge on immovable assets of the Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and on all movable assets of the Company, other than assets of Taloja.	Repayable in 3 equal annual installments commencing on February 8, 2017 till February 8, 2019. The loan carried interest of 9.78% per annum payable on quarterly basis.
Indian currency term loans	
BNP Paribas: Rs. 13,000 Lakhs (March 31, 2018: Rs. 13,000 Lakhs) secured by first pari-passu charge on all movable fixed assets of the Company, other than assets of Taloja unit.	Repayable after 3 years from the date of drawal i.e. on December 8, 2019 and March 14, 2020. The loan carries interest of 7.75% and 8.05% per annum payable on monthly basis.
Cooperatieve Rabo Bank U.A.: Rs.7,500 (March 31, 2018: Rs. 7,500 Lakhs) secured by a pari-passu charge over all the movable fixed assets of the Company, other than assets of Taloja unit.	Repayable after 3 years from the date of drawal i.e. on December 22, 2020. The loan carries interest of 7.68% to 7.80% per annum payable on monthly basis.
Daimler Financial Services India Private Limited: Rs. 49 Lakhs (March 31, 2018 : Rs. Nil Lakhs) secured by hypothecation of Car.	Repayable in 48 equal monthly instalments starting from October 2018. The loan carries interest rate of 11.5% per annum.

Notes to the standalone Ind AS financial statements contd.
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

15. OTHER FINANCIAL LIABILITIES

	Non-current		Current	
	As at March 31, 2019	*As at March 31, 2018*	**As at March 31, 2019**	*As at March 31, 2018*
Financial liabilities at amortised cost				
Current maturities of long-term borrowings (Refer Note 14)	—	—	13,006	*5,428*
Liability for capital goods	—	—	5,054	*3,847*
Interest accrued but not due on borrowings	—	—	197	*265*
Security deposits	—	—	3,844	*3,479*
Unpaid dividends*	—	—	2,090	*1,289*
Salaries and bonus payable	955	*907*	4,397	*4,255*
Freight expenses payable	—	—	13,580	*10,590*
Other expenses payable	—	—	27,857	*25,668*
Total	**955**	*907*	**70,025**	*54,821*

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

16. PROVISIONS

	Non-current		Current	
	As at March 31, 2019	*As at March 31, 2018*	**As at March 31, 2019**	*As at March 31, 2018*
Provision for employee benefits				
Gratuity	163	*93*	1,000	*1,000*
Compensated absences	—	—	3,791	*3,551*
	163	*93*	**4,791**	*4,551*
Other provisions				
Provision for litigations	—	—	3,023	*3,233*
Provision for claims	—	—	279	*279*
	—	—	**3,302**	*3,512*
Total	**163**	*93*	**8,093**	*8,063*

	At the beginning of the year	Additions during the year	Utilised during the year	Unused amounts reversed	At the end of the year
Provision for litigations	3,233	89	77	222	3,023
	(2,897)	(336)	—	—	(3,233)
Provision for claims	279	—	—	—	279
	(918)	—	(7)	(632)	(279)

Figures in brackets are of previous year.

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

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

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

17. DEFERRED TAX LIABILITY (NET)

	Balance sheet		Statement of profit and loss	
	As at March 31, 2019	*As at March 31, 2018*	**As at March 31, 2019**	*As at March 31, 2018*
Deferred tax liabilities				
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	5,863	*6,937*	(1,074)	*(1,149)*
	5,863	*6,937*	**(1,074)**	*(1,149)*
Deferred tax assets				
Provision for doubtful receivables and advances	2,087	*2,597*	(510)	*1,166*
Provision for gratuity and compensated absences	1,731	*1,626*	105	*210*
Fair valuation of cash flow hedges	—	*9*	(9)	*(81)*
Other provisions	898	*877*	21	*432*
	4,716	*5,109*	**(393)**	*1,727*
Net deferred tax liability	**1,147**	*1,828*		
Deferred tax credit			**(681)**	*(2,876)*

Reconciliation of movement in deferred tax liability (net)

Balance at the beginning of the year	1,828	*4,704*
Tax charge/(credit) during the year		
Recognised in the statement of profit and loss	(664)	*(2,794)*
Recognised in OCI	(17)	*(82)*
	(681)	*(2,876)*
Balance at the end of the year	**1,147**	*1,828*

The Company has not recognised deferred tax asset on provision for impairment in value of investments, considering uncertainty that sufficient future taxable capital gains would be available against which such tax credits can be utilised.

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Notes to the standalone Ind AS financial statements contd.

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

	As at March 31, 2019	As at March 31, 2018
18. FINANCIAL LIABILITIES – CURRENT BORROWINGS		
Secured borrowings		
Indian currency cash credit from banks	—	4,678
Indian currency working capital demand loan from bank	600	600
Total	**600**	5,278

(a) Cash credit facilities from banks are secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts both present and future. These are repayable on demand and carries interest in the range of 8.00% to 12.50% p.a.

(b) Indian currency working capital demand loan is part of consortium facility and is 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 and not relating to plant & machinery (consumables, stores & spares), bills receivable and book debt of the present and the future. The facility is repayable within 360 days and carries interest rate of 7.75% per annum.

19. FINANCIAL LIABILITIES - TRADE PAYABLES

Total outstanding dues of micro and small enterprises (Refer Note 36 for details)	4,426	481
Total outstanding dues of creditors other than micro and small enterprises (including acceptances)*	54,568	51,791
Total	**58,994**	52,272

*Includes dues to related parties (Refer Note 38)

Trade payables are non-interest bearing and are normally settled on 30 to 180 days term.

20. OTHER CURRENT LIABILITIES

Statutory dues payable	64,220	56,059
Contract liabilities – Advances from customers*	7,239	1,924
Advances from commission agents	692	1,315
Total	**72,151**	59,298

*Revenue recognised from amounts included in contract liabilities at the beginning of the year is Rs. 1,229 Lakhs (March 31, 2018 : Rs. 1,587 Lakhs).

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

	March 31, 2019	March 31, 2018
21. REVENUE FROM CONTRACTS WITH CUSTOMERS (INCLUDING EXCISE DUTY)		
Sale of products (including excise duty)	13,86,627	12,17,324
Sale of services	1,060	855
Other operating revenues	25,995	25,652
Total	**14,13,682**	12,43,831
(a) Disaggregated revenue information		
Sale of products (including excise duty)		
Beer	13,77,043	12,07,424
Non-alcoholic beverages	808	—
Others (Input materials)	8,776	9,900
	13,86,627	12,17,324
Sale of services		
Royalty income	1,060	855
	1,060	855
Other operating revenues		
Income from contract manufacturing units	16,427	16,471
Scrap sales	8,783	8,866
Others	785	315
	25,995	25,652
(b) Timing of revenue recognition		
Products transferred at a point in time	13,96,195	12,26,505
Services rendered at a point in time	17,487	17,326
	14,13,682	12,43,831
(c) Reconciliation of amount of revenue recognised with contract price		
Revenue as per contracted price	14,54,762	13,26,584
Adjustments (Variable considerations etc.)	(41,080)	(82,753)
Revenue from contracts with customers	**14,13,682**	12,43,831

(d) Performance obligations for sale of products is satisfied upon delivery of the goods and that for sale of services is satisfied upon rendering of respective services.

(e) Sale of products for the year ended March 31, 2019 is adjusted for reversals in variable considerations of Rs. 2,091 Lakhs (Previous year: Rs. 839 Lakhs).

(f) Also refer Note 9 for Trade receivables, Note 20 for Contract liabilities and Note 37 for Segment information.

Notes to the standalone Ind AS financial statements contd.

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

	March 31, 2019	March 31, 2018
22. OTHER INCOME		
Interest income on fixed deposits, deposits and advances	686	172
Dividend income on investment in subsidiary company	23	23
Net gain on sale of property, plant and equipment	28	—
Government grant*	—	55
Liabilities no longer required written back	340	381
Provision for impairment of trade receivables, no longer required written back	1,894	382
Provision for doubtful advances, no longer required written back	14	2
Other non-operating income	185	283
Total	**3,170**	1,298

*Relates to industrial promotion subsidy. There are no unfulfilled conditions or other contingencies attached to these grants.

	March 31, 2019	March 31, 2018
23. COST OF MATERIALS CONSUMED		
Raw materials		
Inventories at the beginning of the year	20,178	16,925
Add: Purchases	1,13,720	1,00,721
Less: Inventories at the end of the year	26,412	20,178
Consumption	**1,07,486**	97,468
Packing materials and bottles		
Inventories at the beginning of the year	10,550	9,977
Add: Purchases	1,87,338	1,54,762
Less: Inventories at the end of the year	12,660	10,550
Consumption	**1,85,228**	1,54,189
Total	**2,92,714**	2,51,657

	March 31, 2019	March 31, 2018
24. PURCHASES OF STOCK-IN-TRADE		
Beer	16,402	11,343
Non-alcoholic beverages	75	—
	16,477	11,343

UNITED BREWERIES LIM

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

	March 31, 2019	March 31, 2018
25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the beginning of the year		
Finished goods	14,591	17,264
Work-in-progress	32,118	26,702
Stock-in-trade	6	480
	46,715	44,446
Less: Inventories at the end of the year		
Finished goods	26,044	14,591
Work-in-progress	34,849	32,118
Stock-in-trade	358	6
	61,251	46,715
Increase in inventories	**(14,536)**	(2,269)
Increase in excise duty on inventories	**7,089**	4,555
Total	**(7,447)**	2,286
26. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus*	38,426	34,789
Gratuity expense [refer note (i) below]	788	740
Contribution to provident and other funds [refer note (ii) below]	1,957	1,783
Staff welfare expenses	3,215	2,151
Total	**44,386**	39,463

*Net of reversal of provision no longer required amounting to Rs. Nil Lakhs (Previous year: Rs. 632 Lakhs)

(i) The Company operates two defined benefit plans i.e., gratuity and provident fund for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The gratuity fund is managed by external agencies. 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 aforesaid funds in the form of a trust is governed by the Board of Trustees who is responsible for the administration of plan assets and for deciding the investment strategy. The following table summarises the components of net benefit expenses and the funded status for respective plans:

	Gratuity		Provident fund	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	9,351	8,333	12,467	10,632
Current service cost	744	700	2,068	1,758
Interest cost	661	551	1,028	936
Benefits paid	(832)	(683)	(2,149)	(879)
Liability transferred	(9)	—	—	—
Actuarial loss	329	450	60	20
Obligations at end of the year	**10,244**	9,351	**13,474**	12,467

Notes to the standalone Ind AS financial statements contd.

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

	Gratuity		Provident fund	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	8,258	*7,431*	12,570	*10,756*
Return on plan assets	617	*511*	1,035	*945*
Contributions during the year	1,002	*1,018*	2,060	*1,752*
Benefits paid	(832)	*(683)*	(2,149)	*(879)*
Actuarial gain/(loss)	36	*(19)*	—	*(4)*
Plan assets at end of the year	**9,081**	*8,258*	**13,516**	*12,570*
c) Benefit asset/(liability)				
Fair value of plan assets	9,081	*8,258*	13,516	*12,570*
Less: Present value of the defined benefit obligations	10,244	*9,351*	13,474	*12,467*
Benefit asset/(liability)	**(1,163)**	*(1,093)*	**42**	*103*
d) Cost charged to profit or loss under employee cost				
Current service cost	744	*700*	2,068	*1,758*
Interest cost	661	*551*	1,028	*936*
Return on plan assets	(617)	*(511)*	(1,035)	*(945)*
Net employee benefit expense*	**788**	*740*	**2,061**	*1,749*

*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.

UNITED BREWERIES LIMITED

	Gratuity		Provident fund	
e) Re-measurement (gain)/loss recognised in other comprehensive income				
Actuarial (gain)/loss				
Change in financial assumption	197	*(316)*	—	—
Experience variance (actual vs assumption)	132	*766*	—	—
Return on plan assets (excluding amount recognised in net interest expense)	(36)	*19*	—	—
Net actuarial loss	**293**	*469*	**—**	—
f) Major category of plan assets included in percentage of fair value of plan assets				
Government securities	—	—	7,472	*6,303*
Corporate bonds	—	—	6,044	*6,267*
Fund balance with insurance companies	9,081	*8,258*	—	—
Total	**9,081**	*8,258*	**13,516**	*12,570*

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

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

	Gratuity		Provident fund	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
Discount rate	7.10%	*7.40%*	7.10%	*7.40%*
Salary increase rate	10.00%-10.50%	*10.00%-10.50%*	10.00%-10.50%	*10.00%-10.50%*
Employee turnover	5.00%-15.00%	*5.00%-15.00%*	5.00%-15.00%	*5.00%-15.00%*

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall 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.

h) A quantitative sensitivity analysis for significant assumption is as below:

	March 31, 2019		*March 31, 2018*	
	1% increase	**1% decrease**	*1% increase*	*1% decrease*
Impact on defined benefit obligation (gratuity)				
Discount rate	(629)	713	*(571)*	*646*
Salary increase rate	699	(630)	*636*	*(575)*
Employee turnover	(118)	131	*(97)*	*107*

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period.

i) The following payments are expected contribution to the defined benefit plans in future years:

	Gratuity		Provident fund	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
Within next 12 months	1,000	*1,000*	1,810	*2,049*
Between 2 to 5 years	4,795	*4,935*	5,354	*4,890*
Between 5 to 10 years	7,761	*6,510*	3,556	*3,085*
Total	**13,556**	*12,445*	**10,720**	*10,024*

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (Previous year: 6 years)

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

	March 31, 2019	*March 31, 2018*
Provident fund	1,341	*1,207*
Superannuation fund	565	*508*
Employees state insurance fund	51	*68*
Total	**1,957**	*1,783*

27. FINANCE COSTS

Interest expense	3,063	*4,707*
Other borrowing costs	57	*58*
Total	**3,120**	*4,765*

Notes to the standalone Ind AS financial statements contd.

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

		March 31, 2019		March 31, 2018
28. DEPRECIATION AND AMORTISATION EXPENSE				
Depreciation of property, plant and equipment		25,532		25,534
Amortisation of intangible assets		446		426
Total		**25,978**		25,960

		March 31, 2019		March 31, 2018
29. OTHER EXPENSES				
Consumption of stores and spares		13,311		10,786
Power and fuel		18,355		14,785
Rent		4,475		3,974
Repairs and maintenance				
Plant and machinery		4,836		3,892
Buildings		481		347
Others		1,498		1,259
Insurance		1,102		1,063
Rates and taxes		23,873		27,408
Auditor remuneration				
Statutory audit fee	141		141	
Limited review fee	27		27	
Tax audit fee	19		19	
Others	95	282	22	209
Sales promotion expenses [net of reversal of Rs. 3 Lakhs (Previous year : Rs. 53 Lakhs)]		34,911		31,086
Outward freight, halting and breakage expenses		39,310		33,860
Selling and distribution expense [net of reversal of Rs. 606 Lakhs (Previous year : Rs. 940 Lakhs)]		22,715		17,017
CSR expenditure (refer details below)		1,074		886
Bad debts/advances written off		334		1
Provision for impairment of trade receivables		392		3,349
Provision for doubtful advances		54		333
Net loss on sale of property, plant and equipment		—		60
Exchange differences (net)		91		100
Miscellaneous expenses		20,243		17,599
Total		**1,87,337**		1,68,014
Details of CSR expenditure				
Gross amount required to be spent by the Company during the year		942		782
Amount spent during the year (other than on construction/ acquisition of any asset)		1,074		886
Amount yet to be spent/paid		—		—
Total		**1,074**		886

Notes to the standalone Ind AS financial statements contd.

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

	March 31, 2019	March 31, 2018
30. TAX EXPENSES		
Income tax related to items charged or credited to the statement of profit and loss during the year:		
Profit and loss section		
Current tax	32,234	24,078
Deferred tax credit	(664)	(2,794)
Total	**31,570**	21,284
Other comprehensive income		
Deferred tax charge/(credit) on		
Re-measurement of defined benefit plan	(102)	(164)
Net movement in cash flow hedges	85	82
Total	**(17)**	(82)
Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:		
Accounting profit before income tax	**87,848**	60,683
Tax as per statutory income tax rate of 34.94% (Previous year: 34.61%)	30,698	21,002
Allowances/exemptions under Income tax	(316)	(229)
Non-deductible expenses for tax purposes		
CSR expenditure	375	307
Other non-deductible expenses	813	204
Income tax expense reported in statement of profit and loss account	**31,570**	21,284
Effective tax rate	**36%**	35%
31. NET MOVEMENT IN CASH FLOW HEDGES		
Fair value loss on cross currency interest rate swaps and forward contracts	18	261
Less: Reclassified to statement of profit and loss	243	25
	261	236
Deferred tax effect on above	(85)	(82)
Net movement in cash flow hedges	**176**	154
32. EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computation:		
Net profit attributable to equity shareholders	56,278	39,399
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)	**21.29**	14.90

Notes to the standalone Ind AS financial statements contd.

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

33. OPERATING LEASE

The Company has entered into operating lease arrangements for vehicles, computers, equipments, manufacturing facility, 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 6 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. 4,475 Lakhs (Previous year: Rs. 3,974 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2019	March 31, 2018
Within one year	378	336
After one year but not more than five years	147	196
Total	**525**	532

34. CAPITAL AND OTHER COMMITMENTS

	March 31, 2019	March 31, 2018
a) Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	9,826	3,330
b) Commitments under power purchase agreements	3,679	—
c) Other contractual commitments	2,474	1,194
Total	**15,979**	4,524

For commitments relating to lease arrangements, refer Note 33.

35. CONTINGENT LIABILITIES

	March 31, 2019	March 31, 2018
a) Claims against the Company not acknowledged as debts*		
Income tax	35,370	32,575
Service tax	22,930	22,930
Sales tax	18,472	16,529
Excise duty	12,316	461
Water charges	3,095	3,157
Employee state insurance/provident fund	84	84
Others	4,701	4,890
b) Other money for which the Company is contingently liable		
Bank guarantees	6,960	5,373
Letter of credit	3,471	821
Total	**1,07,399**	86,820

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

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

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

c) On October 10, 2018, certain officials from the Competition Commission of India ("CCI") had visited the Company for their investigation in relation to allegations of price-fixation and performed search of the premises and conducted inquiries with certain officials of the Company at its registered office. Pursuant to this, the Company has made requisite filings and also certain officials of the Company have appeared before the aforesaid authorities. The Company has not received any demand order in respect of this matter and the investigation is ongoing, hence it is not practicable to state an estimate of its financial effect, if any. Management, along-with its legal advisors, are in the continuous process of evaluating this matter and believe that there are mitigating circumstances to counter presumptions made against the Company by the CCI as contained in the Competition Act, 2002.

d) The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of Basic Salary for individuals below a prescribed salary threshold. The Company determined that they had not previously included such components in Basic Salary for such individuals. It is however unclear as to whether the clarified definition of Basic Salary would be applicable prospectively or retrospectively. The Company has made a provision on a prospective basis from the date of the Supreme Court order and is in the process of obtaining clarity on the judgment as well as determining the impact of any retrospective adjustment, if applicable.

	March 31, 2019	March 31, 2018
36. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	4,426	*481*
- Interest due on above	68	*5*
Total	**4,494**	*486*
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	539	*49*
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	807	*268*

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.

Notes to the standalone Ind AS financial statements contd.

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

37. SEGMENT REPORTING

As per Ind AS 108, operating segment is a component of the Company that engages in business activities, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker ('CODM') to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available. Accordingly, the Company has identified its operating segments, as below:

a) Beer - This segment includes manufacture, purchase and sale of beer including licensing of brands

b) Non-alcoholic beverages - This segment includes manufacture, purchase and sale of non-alcoholic beverages

The Company's CODM does not review assets and liabilities for each operating segment separately, hence segment disclosures relating to total assets and liabilities have not been furnished.

	March 31, 2019	March 31, 2018
Segment revenue		
Beer	14,12,874	*12,43,831*
Non-alcoholic beverages	808	—
Total revenue	**14,13,682**	*12,43,831*
Segment results		
Beer	1,06,545	*64,150*
Non-alcoholic beverages	(2,298)	—
Total segment results	**1,04,247**	*64,150*
Other income	3,170	*1,298*
Finance costs	(3,120)	*(4,765)*
Other unallocable expenses	(16,449)	—
Profit before tax	**87,848**	*60,683*
Information about geographical areas is as below:		
Revenue from external customers (including excise duty)		
India	13,89,014	*12,21,504*
Outside India	24,668	*22,327*
Total	**14,13,682**	*12,43,831*
The above information is based on the location of customers.		
Non-current operating assets		
India	1,94,211	*1,77,732*
Outside India	—	—
Total	**1,94,211**	*1,77,732*

Non-current assets for this purpose consists of property, plant and equipment, capital work-in-progress and intangible assets.

Revenue from customers individually contributing more than 10% of the Company's revenue aggregates to Rs. 4,63,065 Lakhs (Previous year: Rs. 2,59,068 Lakhs).

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

38. RELATED PARTY DISCLOSURES

A. Name of related parties and related party relationships

Related party where control exists:

Subsidiary	: Maltex Malsters Limited ('MML')

Related parties under Ind AS 24 with whom transactions have taken place during the year:

Associate	: Kingfisher East Bengal Football Team Private Limited ('KEBFTPL')
Enterprises having significant influence	: Scottish & Newcastle India Limited, UK ('SNIL') United Breweries (Holdings) Limited ('UBHL') (till March 8, 2019)*

*The Karnataka High Court has ordered winding up of UBHL on February 7, 2017.

Key management personnel (KMP)	: Mr. Shekhar Ramamurthy, Managing Director Mr. Steven Bosch, Director, CFO (till December 31, 2018) Mr. P A Poonacha, Senior Vice President - Finance and Account - CFO (effective January 1, 2019)
Enterprises over which investing parties or KMP have significant influence	: Heineken UK Limited ('HUL'), holding Company of SNIL Heineken International B.V. ('HIBV') Heineken Brouwerijen B.V. ('HBBV') Heineken Supply Chain B.V. ('HSCBV') Heineken Asia Pacific Pte. Ltd. ('HAPPL') Heineken Ceska Republika ('HCR') Amstel Brouwerijen B.V. ('Amstel') Force India F1 Team Limited, UK ('Force India')
Employee benefits trusts	UBL Gratuity Fund Trust United Breweries Limited Provident Fund Trust ("UBL Providet Fund Trust") United Breweries Superanuation Fund ("UBL Superanuation Fund")

Additional related parties as per the Companies Act, 2013 with whom transactions have taken place during the year:

Directors	: Dr. Vijay Mallya** Mr. A K Ravi Nedungadi Mr. Sijbe Hiemstra (till November 8, 2017) Mr. Frans Erik Eusman (till November 14, 2018) Mr. Stephan Gerlich Mrs. Kiran Majumdar Shaw Mr. Madhav Bhatkuly Mr. Chugh Yoginder Pal Mr. Chhaganlal Jain Mr. Sunil Alagh Mr. Christiaan August J Van Steenbergen (effective November 8, 2017) Mr. Rudolf Gijsbert Servaas Van Den Brink (effective November 14, 2018)

**The Securities and Exchange Board of India vide its order dated January 25, 2017 restrained Dr. Vijay Mallya from holding position as Director or Key Managerial Person of any listed Company. Pursuant to the decision of the Board at its meeting held on July 4, 2017, the Company had communicated on July 6, 2017 to Dr. Mallya and his associate companies (promoters of the Company) to nominate a director on the Board in his place in terms of the Articles of Association of the Company. Further, pursuant to the decision of the Board at its meeting held on August 10, 2017, the Company carried out necessary filings with the Registrar of Companies, Karnataka (ROC) and Stock Exchanges notifying Dr. Mallya's cessation from holding the position of director in the Company. The applicable form relating to cessation of directorship has since been approved by the ROC.

Key management personnel (KMP):	: Mr. Govind Iyengar, Senior Vice President – Legal & Company Secretary
Relative of director or KMP	: Mr. Umesh Hingorani (till August 10, 2017)
Body corporate/Private companies whose Board of directors is accustomed to act in accordance with advise, directions or instructions of a directors/members (included in 'Others' below)	: United Breweries International (UK) Limited, UK ('UBIUK') H. Parson Private Limited ('HPPL') Blitz Publications Private Limited ('BPPL') United Spirits Limited ('USL') (till February 25, 2016)

Notes to the standalone Ind AS financial statements contd.

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

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
a) Transactions during the year												
Sale of products												
MML	3	–	–	–	–	–	–	–	–	–	–	–
HPPL	–	–	–	–	–	–	–	–	–	–	5,380	11,719
	3	–	**–**	–	**–**	–	**–**	–	**–**	–	**5,380**	11,719
Royalty income												
KBE	–	–	–	–	–	–	–	–	–	–	44	–
UBIUK	–	–	–	–	–	–	–	–	–	–	11	21
HPPL	–	–	–	–	–	–	–	–	–	–	2	2
	–	–	**–**	–	**–**	–	**–**	–	**–**	–	**57**	23
Purchase of materials												
HSCBV	–	–	–	–	–	–	–	–	12	8	–	–
HAPPL	–	–	–	–	–	–	–	–	110	80	–	–
	–	–	**–**	–	**–**	–	**–**	–	**122**	88	**–**	–
Processing charges paid												
MML	1,126	1,200	–	–	–	–	–	–	–	–	–	–
	1,126	1,200	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Sales promotion expenses												
KEBFTPL	–	–	58	429	–	–	–	–	–	–	–	–
Force India	–	–	–	–	–	–	–	–	–	2,334	–	–
HPPL	–	–	–	–	–	–	–	–	–	–	122	252
	–	–	**58**	429	**–**	–	**–**	–	**–**	2,334	**122**	252
Rent expense												
UBHL	–	–	–	–	144	84	–	–	–	–	–	–
BPPL	–	–	–	–	–	–	–	–	–	–	–	11
	–	–	**–**	–	**144**	84	**–**	–	**–**	–	**–**	11
Technical service fees												
HIBV	–	–	–	–	–	–	–	–	600	600	–	–
	–	–	**–**	–	**–**	–	**–**	–	**600**	600	**–**	–

Notes to the standalone Ind AS financial statements contd.

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
Royalty paid												
Amstel	–	–	–	–	–	–	–	–	64	–	–	–
HBBV	–	–	–	–	–	–	–	–	604	503	–	–
	–	–	**–**	–	**–**	–	**–**	–	**668**	503	**–**	–
Consultancy fees paid												
HSCBV	–	–	–	–	–	–	–	–	89	72	–	–
HIBV	–	–	–	–	–	–	–	–	–	12	–	–
HBBV	–	–	–	–	–	–	–	–	–	2	–	–
	–	–	**–**	–	**–**	–	**–**	–	**89**	86	**–**	–
Reimbursements paid												
MML	2	2	–	–	–	–	–	–	–	–	–	–
HIBV	–	–	–	–	–	–	–	–	216	327	–	–
HCR	–	–	–	–	–	–	–	–	–	5	–	–
HPPL	–	–	–	–	–	–	–	–	–	–	79	80
	2	2	**–**	–	**–**	–	**–**	–	**216**	332	**79**	80
Rent received												
KEBFTPL	–	–	–	1	–	–	–	–	–	–	–	–
	–	–	**–**	1	**–**	–	**–**	–	**–**	–	**–**	–
Remuneration paid [Refer (b) below]												
Mr. Shekhar Ramamurthy	–	–	–	–	–	–	1,247	841	–	–	–	–
Mr. Steven Bosch	–	–	–	–	–	–	354	340	–	–	–	–
Mr. P A Poonacha	–	–	–	–	–	–	30	–	–	–	–	–
Mr. Govind Iyengar	–	–	–	–	–	–	227	161	–	–	–	–
Mr. Umesh Hingorani	–	–	–	–	–	–	–	94	–	–	–	–
	–	–	**–**	–	**–**	–	**1,858**	1,436	**–**	–	**–**	–
Sitting fee paid												
Mr. A K Ravi Nedungadi	–	–	–	–	–	–	18	13	–	–	–	–
Mr. Sijbe Hiemstra	–	–	–	–	–	–	–	3	–	–	–	–

Notes to the standalone Ind AS financial statements contd.

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
Mr. Frans Erik Eusman	–	–	–	–	–	–	3	8	–	–	–	–
Mr. Stephan Gerlich	–	–	–	–	–	–	6	6	–	–	–	–
Mrs. Kiran Majumdar Shaw	–	–	–	–	–	–	8	7	–	–	–	–
Mr. Madhav Bhatkuly	–	–	–	–	–	–	24	6	–	–	–	–
Mr. Chugh Yoginder Pal	–	–	–	–	–	–	32	14	–	–	–	–
Mr. Chhaganlal Jain	–	–	–	–	–	–	27	20	–	–	–	–
Mr. Sunil Alagh	–	–	–	–	–	–	21	16	–	–	–	–
Mr. Christiaan August J Van Steenbergen	–	–	–	–	–	–	21	1	–	–	–	–
Mr. Rudolf Gijsbert Servaas Van Den Brink	–	–	–	–	–	–	2	–	–	–	–	–
	–	–	**–**	–	**–**	–	**162**	94	**–**	–	**–**	–
Director Commission paid												
Mr. A K Ravi Nedungadi	–	–	–	–	–	–	109	75	–	–	–	–
Mr. Stephan Gerlich	–	–	–	–	–	–	109	75	–	–	–	–
Mrs. Kiran Majumdar Shaw	–	–	–	–	–	–	109	75	–	–	–	–
Mr. Madhav Bhatkuly	–	–	–	–	–	–	109	75	–	–	–	–
Mr. Chugh Yoginder Pal	–	–	–	–	–	–	109	75	–	–	–	–
Mr. Chhaganlal Jain	–	–	–	–	–	–	109	75	–	–	–	–
Mr. Sunil Alagh	–	–	–	–	–	–	109	75	–	–	–	–
	–	–	**–**	–	**–**	–	**763**	525	**–**	–	**–**	–
Dividend accrued/paid on equity shares												
SNIL	–	–	–	–	1,800	1,035	–	–	–	–	–	–
UBHL [Refer (c) below]	–	–	–	–	148	326	–	–	–	–	–	–
Dr. Vijay Mallya (including joint holdings) [Refer (c) below]	–	–	–	–	–	–	427	245	–	–	–	–
HUL	–	–	–	–	–	–	–	–	170	98	–	–
HIBV	–	–	–	–	–	–	–	–	343	197	–	–
	–	–	**–**	–	**1,948**	1,361	**427**	245	**513**	295	**–**	–
Dividend received												
MML	23	23	–	–	–	–	–	–	–	–	–	–
	23	23	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
Contributions made												
UBL Gratuity Fund Trust	–	–	–	–	–	–	–	–	–	–	1,002	*1,018*
UBL Provident Fund Trust	–	–	–	–	–	–	–	–	–	–	2,060	*1,752*
UBL Superannuation Fund	–	–	–	–	–	–	–	–	–	–	565	*508*
	–	–	–	–	–	–	–	–	–	–	**3,627**	*3,278*
Compensation of key management personnel [Refer (a) below]												
Short-term employee benefits					1,858	*1,436*						
Post-employment gratuity and medical benefits					—	—						
Termination benefits					—	—						
Share-based payment transactions					—	—						
Total compensation paid to key management personnel					**1,858**	*1,436*						
b) Balances outstanding as at year end												
Investment in equity shares												
MML	4,500	*4,500*	–	–	–	–	–	–	–	–	–	–
KEBFTPL	–	–	1	*1*	–	–	–	–	–	–	–	–
	4,500	*4,500*	**1**	*1*	–	–	–	–	–	–	–	–
Provision for diminution in value of investments												
MML	1,959	*1,959*	–	–	–	–	–	–	–	–	–	–
	1,959	*1,959*	–	–	–	–	–	–	–	–	–	–
Trade receivables (gross)												
HPPL	–	–	–	–	–	–	–	–	–	–	5	*177*
UBIUK	–	–	–	–	–	–	–	–	–	–	–	*33*
KBE	–	–	–	–	–	–	–	–	–	–	16	–
	–	–	–	–	–	–	–	–	–	–	**21**	*210*
Security deposits												
UBHL	–	–	–	–	65	*65*	–	–	–	–	–	–
	–	–	–	–	**65**	*65*	–	–	–	–	–	–

Notes to the standalone Ind AS financial statements contd.

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
Advance												
MML	268	*157*	–	–	–	–	–	–	–	–	–	–
	268	*157*	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Trade payables												
MML	–	*168*	–	–	–	–	–	–	–	–	–	–
KEBFTPL	–	–	–	*29*	–	–	–	–	–	–	–	–
UBHL	–	–	–	–	211	*306*	–	–	–	–	–	–
HIBV	–	–	–	–	–	–	–	–	522	*521*	–	–
HBBV	–	–	–	–	–	–	–	–	141	*114*	–	–
HSCBV	–	–	–	–	–	–	–	–	27	*36*	–	–
Amstel	–	–	–	–	–	–	–	–	15	–	–	–
HAPPL	–	–	–	–	–	–	–	–	88	–	–	–
HPPL	–	–	–	–	–	–	–	–	–	–	13	–
	–	*168*	**–**	*29*	**211**	*306*	**–**	–	**793**	*671*	**13**	–

(a) Fixed assets with gross block of Rs. 275 Lakhs (Previous year : Rs. 275 Lakhs) are lying with MML.

(b) The remuneration to key managerial personnel and relatives includes reimbursements and excludes the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the Company as a whole.

(c) The Company had received an order dated September 30, 2015 from the Debt Recovery Tribunal, Karnataka, Bangalore (DRT) whereby the Company has been directed not to pay/release amounts that may be payable with respect to shares in the Company held by an erstwhile director (including his joint holdings) and United Breweries (Holdings) Limited, without its prior permission. Accordingly, the Company has withheld payment of Rs. 918 Lakhs (net of payment of Rs. 784 Lakhs to the official liquidator of United Breweries (Holdings) Limited) relating to dividend on aforesaid shares. The Company would also withhold payment of proposed dividend for the year ended March 31, 2019 on aforesaid shares, which is subject to approval by the shareholders in the ensuing annual general meeting.

Further the company had received various orders from tax and provident fund authorities prohibiting the Company from making any payments to erstwhile director of the Company. The Company has accordingly withheld payment of Rs. 45 Lakhs (net of TDS) relating to director commission and sitting fees payable to the aforesaid erstwhile director.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those prevailing in arm's length transaction. The outstanding receivables/payables balances are generally unsecured and interest free. There have been no guarantees provided or received for any related party receivable/payable.

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

39. FINANCIAL INSTRUMENTS FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the standalone Ind AS financial statements are categorised within the fair value hierarchy, as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value measurement hierarchy of the Company's assets and liabilities is as below:

	Carrying amount	Fair values		
		Level 1	Level 2	Level 3
As at March 31, 2019				
Financial assets measured at fair value				
Cross currency interest rate swap	—	—	—	—
As at March 31, 2018				
Financial assets measured at fair value				
Cross currency interest rate swap	968	968	—	—

There has been no transfers between levels during the year.

The fair values of Cross currency interest rate swap are derived from quoted market prices in active markets.

The management assessed that the carrying values of investments, trade and other receivables, cash and short term deposits, other assets, borrowings, trade and other payables and balances with related parties, based on their notional amounts, reasonably approximate their fair values because these instruments have short-term maturities and are re-priced frequently.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, trade and other receivables, cash and cash equivalents, bank balances, security deposits and derivatives that are out of regular business operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company.

The risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, derivatives financial instruments and trade payables.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	March 31, 2019		March 31, 2018	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	(211)	211	(258)	258

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency borrowings, trade payable and trade receivables. The Company has hedged exposure to fluctuations in foreign exchange rates for all of its foreign currency borrowings with cross currency swaps therefore the changes in the currency rates for borrowings will not have impact on future cash flows.

The summary of derivative instruments and unhedged foreign currency exposure is as below:

Derivatives outstanding as at the reporting date

Type	Purpose	March 31, 2019		March 31, 2018	
		USD (in millions)	Rs. in Lakhs	USD (in millions)	Rs. in Lakhs
Cross currency swaps*	Hedge of foreign currency loans – Principal and interest	—	—	8.33	5,428
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	—	—	8.33	5,428

*Amount disclosed represents the underlying principal amount of loan.

Un-hedged foreign currency exposure (gross amounts before party-wise setoff of advance and payable balances) as at the reporting date:

	As at March 31, 2019	As at March 31, 2018
Trade receivables	3,567	1,878
Advances to suppliers	2,168	6,112
Balance in exchange earners foreign currency bank accounts	1,251	41
Capital advances	247	47
Trade payables	3,822	1,892
Liability for capital goods	436	400

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

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant and after the impact of hedge accounting.

	March 31, 2019		*March 31, 2018*	
	1% increase	**1% decrease**	*1% increase*	*1% decrease*
Impact on profit before tax	30	(30)	*58*	*(58)*

iii. Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of Beer and therefore require a continuous supply of Barley. The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

The following table shows the effect of price changes in Barley:

	March 31, 2019		*March 31, 2018*	
	1% increase	**1% decrease**	*1% increase*	*1% decrease*
Impact on profit before tax	(311)	311	*(239)*	*239*

b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Company's exposure to credit risk arises majorly from trade and other receivables. Other financial assets like security deposits and bank deposits are mostly with government authorities and nationalised banks and hence, the Company does not expect any credit risk with respect to these financial assets. With respect to trade receivables, significant portion includes dues from state government corporations, hence probability of default is remote. The Company has constituted regional and corporate credit committees to review trade receivables on periodic basis and to take necessary mitigations, wherever required.

The Company creates provision for all unsecured trade receivables based on lifetime expected credit loss. The summary of changes in provision for impairment of trade receivables is as below:

	March 31, 2019	*March 31, 2018*
Balance at the beginning of the year	6,906	*3,939*
Provision recognised/(reversed) during the year, net	(1,502)	*2,967*
Balance at the end of the year	**5,404**	*6,906*

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Notes to the standalone Ind AS financial statements contd.

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

c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The table below summarises the maturity profile of the Company's financial liabilities:

	Maturities			Total
	Upto 1 year	1-2 years	2-3 years	
March 31, 2019				
Non-current borrowings	—	7,543	—	7,543
Current borrowings	600	—	—	600
Trade payables	58,994	—	—	58,994
Other financial liabilities	70,025	955	—	70,980
Total	**1,29,619**	**8,498**	—	**1,38,117**
March 31, 2018				
Non-current borrowings	—	13,000	7,500	20,500
Current borrowings	5,278	—	—	5,278
Trade payables	52,272	—	—	52,272
Other financial liabilities	54,821	606	301	55,728
Total	**1,12,371**	**13,606**	**7,801**	**1,33,778**

41. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and capital ratios in order to support its business and maximise shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, all non-current and current borrowings reduced by cash and cash equivalents and other bank balances.

	Notes	As at March 31, 2019	*As at March 31, 2018*
Non-current borrowings	14	7,543	*20,500*
Current maturities of non-current borrowings	15	13,006	*5,428*
Current borrowings	18	600	*5,278*
Less: Cash and cash equivalents (excluding unpaid dividend accounts)	10	1,898	*231*
Less: Other bank balances	11	524	*496*
Net debt		**18,727**	*30,479*
Equity share capital	12	2,644	*2,644*
Other equity	13	3,15,545	*2,66,201*
Total capital		**3,18,189**	*2,68,845*
Gearing ratio		**6%**	*11%*

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

42. During the year, the Company had received e-mails / letter whereby allegations were raised against an employee of the Company relating to his involvement in certain irregularities in the procurement of packing materials from certain select vendors. Based on an initial inquiry on this matter, the service of the said employee was terminated. The Company is conducting a detailed investigation on this matter which is currently in progress. Management is of the view that although the actual financial impact, if any, which may arise from this matter can be ascertained only after completion of the investigation, the amount involved is not expected to be material, considering the profitability of the Company.

43. The Bihar State Government ("the Government") vide its notification dated April 5, 2016 had imposed ban on trade and consumption of foreign liquor in the State of Bihar. The Company had filed a writ petition with the High Court at Patna, requesting remedies and compensation for losses incurred on account of such abrupt notification, against which the Government preferred a special leave petition before the Supreme Court of India. Further, the Government did not renew brewery licenses for the financial year 2017-18 onwards and consequently the Company discontinued production of beer at Bihar and all its inventories lying with Bihar State Beverages Corporation Limited (BSBCL) were drained / destroyed. The matter is currently pending before the Supreme Court for final conclusion.

The financial impact on current assets arising from aforesaid matter was fully provided for. Also, during the year, the Company has commenced manufacture of non-alcoholic beverages at its existing manufacturing facility at Bihar using its existing property, plant and equipment at Bihar with carrying value of Rs. 19,633 Lakhs (March 31, 2018: Rs. 21,232 Lakhs) as at March 31, 2019. Management believes that the carrying amount of these property, plant and equipment do not exceed their recoverable amount and accordingly no provision has been considered necessary by the management in this regard.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839
Place: Bengaluru
Date: May 20, 2019

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Chugh Yoginder Pal
Director
DIN: 00106536

P A Poonacha
Senior Vice President –
Finance & Accounts - CFO

Govind Iyengar
Senior Vice President –
Legal and Company Secretary

Place: Bengaluru
Date: May 20, 2019

Independent Auditor's Report

To the Members of United Breweries Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of United Breweries Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditors on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

UNITED BREWERIES LIMITED

Emphasis of Matter

We draw attention to below mentioned notes to the accompanying standalone Ind AS financial statements:

(a) Note 35(c) which more fully describes the uncertainty relating to the future outcome of ongoing investigation by the Competition Commission of India ("CCI"); and

(b) Note 44 which more fully describes the uncertainty relating to the outcome of special leave petition filed by the Bihar State Government before the Honourable Supreme Court of India and the consequential impact thereof.

Our opinion is not qualified in respect of aforesaid matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Revenue recognition for sale of products</u>
(as described in Note 2.1(x) and 21 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>Revenue from the sale of products is recognised when control of the products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and incentives.
Significant judgement is required in estimating accruals relating to allowances, discounts and incentives recognised in relation to sales made during the year.</td><td>• Our audit procedures included, amongst others, assessing the Group's revenue recognition accounting policies, including those relating to allowances, discounts and incentives.
• We understood, evaluated and tested the operating effectiveness of internal controls over recognition of revenue, discounts, and incentives.
• We performed test of details, on a sample basis, and inspected the underlying documents relating to sales and accrual of discounts and incentives.
• We tested sales transactions near year end date as well as credit notes issued after the year end date.
• We discussed and evaluated management assessment of estimates relating to allowances, discounts and incentives.
• We assessed the disclosures in the consolidated Ind AS financial statements in respect of revenue.</td></tr>
<tr><td colspan="2"><u>Provision for trade receivables</u>
(as described in Note 2.1(x), 9 and 41(b) of the consolidated Ind AS financial statements)</td></tr>
<tr><td>Trade receivable balances represent significant portion of the total assets as at March 31, 2019. Trade receivables include dues from state government corporations, distributors, retailers and contract manufacturing units. The Group creates provision for all unsecured trade receivables based on management estimates.
Timing of collection of dues from the customers may differ from the actual credit period. Significant judgment is required by the management to estimate the amounts unlikely to be ultimately collected.</td><td>• We understood, evaluated and tested the operating effectiveness of internal controls over trade receivables.
• We performed audit procedures on existence of trade receivables, which included reading and comparing balance confirmations with books, testing subsequent receipts and sales transactions for audit samples.
• We evaluated the assumptions used to calculate the provision for trade receivables through analysis of ageing and past trend of bad debts write off.
• We discussed and evaluated management assessment for receivables which were due for more than their respective credit periods.
• We considered the disclosures in the consolidated Ind AS financial statements for compliance with disclosure requirements.</td></tr>
</table>

Independent Auditor's Report contd.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Impairment of goodwill arising on consolidation</u>
(as described in Note 2.1(x) and 40 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>The Group has goodwill of Rs. 4,380 Lakhs arising on consolidation of equity interest in Maltex Malsters Limited ('MML'), a subsidiary, against which an provision for impairment of Rs. 1,959 Lakhs is carried as at March 31, 2019.

Management has undertaken an impairment assessment as at year end which involve use of significant estimates and assumptions.</td><td>• We discussed and evaluated management assessment of impairment of goodwill arising on consolidation.
• We evaluated the objectivity and independence of Group's specialists involved in the valuation process.
• We assessed the valuation method used and evaluated the key assumptions used by the management.
• We considered the disclosures in the consolidated Ind AS financial statements for compliance with disclosure requirements.</td></tr>
<tr><td colspan="2"><u>Tax provisions and contingencies</u>
(as described in Note 2.1(x) 16, 30 and 35(a) of the consolidated Ind AS financial statements)</td></tr>
<tr><td>The Group has received various income tax demand orders and notices relating to transfer pricing, disallowance of certain expenses, etc. and has also received various indirect tax and other demand orders and notices, which are under litigation. The Group is contesting these demands and has made provision where the outflow of resources embodying economic benefits is considered to be probable.

Significant judgements and estimates are required to assess impact of these litigations on the financial position, results of operations and cash flows.</td><td>• We assessed the design, implementation and operative effectiveness of management's key internal controls over recognition / disclosure of tax provisions and contingencies.
• We read the confirmations from the Group's external legal counsel on significant litigations. We evaluated the independence, objectivity and competency of the Group's specialists involved.
• We read relevant tax and other laws and discussed with the management, to understand the underlying matters in the demand orders / notices and basis for management judgement and estimates.
• We included tax specialists in our team to perform an evaluation of assumptions used and relevant judgements passed by the authorities.
• We assessed the related disclosures in the consolidated Ind AS financial statements for compliance with disclosure requirements.</td></tr>
</table>

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the directors' report and the corporate governance report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report contd.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of a subsidiary, whose Ind AS financial statements include total assets of Rs. 947 Lakhs (March 31, 2018 – Rs. 1,095 Lakhs) as at March 31, 2019, and total revenues of Rs. 1,283 Lakhs (March 31, 2018 – Rs. 1,300 Lakhs) and net cash inflows of Rs. 8 Lakhs (March 31, 2018 – Rs. 134 Lakhs) for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

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

(b) The accompanying consolidated Ind AS financial statements does not include the Holding Company's share of net profit for the year ended March 31, 2019 in respect of an associate, which is considered as not material to the Group.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, as noted in the 'Other Matters' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matter described in paragraph (a) of Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164(2) of the Act;

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary company incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(h) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary incorporated in India, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company and its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act; and

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of the subsidiary, as noted in the 'Other Matters' paragraph:

Independent Auditor's Report contd.

i. The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated Ind AS financial statements – Refer Note 16 and 35(a) to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India during the year ended March 31, 2019.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place of signature: Bengaluru
Date: May 20, 2019

UNITED BREWERIES LIMITED

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of United Breweries Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary Company, which is a Company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Holding Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements as at March 31, 2019:

The Holding Company's internal financial controls over evaluation and selection of vendors for procurement of packing materials was not operating effectively and requires further strengthening. This could potentially result in misstatements in the consolidated financial statements.

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

In our opinion, the Holding Company and its subsidiary company, which is a company incorporated in India have, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements as of March 31, 2019, based on the internal controls over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Holding Company and its subsidiary company, which is a company incorporated in India, internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as of March 31, 2019.

Explanatory Paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act, the consolidated Ind AS financial statements of the Group, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the related Consolidated Statement of Profit and Loss, including the Consolidated Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. The aforesaid material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 consolidated Ind AS financial statements of the Group and this report does not affect our report dated May 20, 2019, which expressed an unqualified opinion on those consolidated Ind AS financial statements.

Other Matters

Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements insofar as it relates to subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. The accompanying consolidated Ind AS financial statements does not include the Holding Company's share of net profit for the year ended March 31, 2019 in respect of an associate, which is considered as not material to the Group.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place of signature: Bengaluru
Date: May 20, 2019

Consolidated Balance Sheet as at March 31, 2019

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

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,72,599	1,68,034
Capital work-in-progress		18,992	7,227
Intangible assets	4	2,694	2,526
Goodwill		2,421	2,421
Financial assets			
(i) Investments	5	27	16
(ii) Others	6	6,231	5,307
Income tax assets (net)		17,516	10,795
Other non-current assets	7	17,824	11,964
		2,38,304	2,08,290
Current assets			
Inventories	8	1,03,246	80,800
Financial assets			
(i) Trade receivables	9	1,51,099	1,49,857
(ii) Cash and cash equivalents	10	4,010	1,535
(iii) Bank balances other than (ii) above	11	607	889
(iv) Others	6	71	1,040
Other current assets	7	41,104	29,931
		3,00,137	2,64,052
Total assets		**5,38,441**	4,72,342
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	2,644	2,644
Other equity	13	3,15,733	2,66,382
Equity attributable to owners of parent company		**3,18,377**	2,69,026
Non-controlling interest	13	**304**	294
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	7,543	20,500
(ii) Others	15	955	907
Provisions	16	163	93
Deferred tax liability (net)	17	1,144	1,822
		9,805	23,322
Current liabilities			
Financial liabilities			
(i) Borrowings	18	600	5,278
(ii) Trade payables	19		
- Total outstanding dues to micro and small enterprises		4,426	481
- Total outstanding dues of creditors other than micro and small enterprises		54,596	51,691
(iii) Others	15	70,079	54,879
Other current liabilities	20	72,157	59,304
Provisions	16	8,097	8,067
		2,09,955	1,79,700
Total equity and liabilities		**5,38,441**	4,72,342
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839
Place: Bengaluru
Date: May 20, 2019

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Chugh Yoginder Pal
Director
DIN: 00106536

P A Poonacha
Senior Vice President –
Finance & Accounts - CFO
Place: Bengaluru
Date: May 20, 2019

Govind Iyengar
Senior Vice President –
Legal and Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

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

	Notes	March 31, 2019	March 31, 2018
INCOME			
Revenue from contracts with customers (including excise duty)	21	14,13,982	12,43,062
Other income	22	3,201	1,313
Total		**14,17,183**	12,44,375
EXPENSES			
Cost of materials consumed	23	2,91,731	2,49,589
Purchase of stock-in-trade	24	16,477	11,343
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(7,442)	2,214
Excise duty on sale of goods		7,66,439	6,81,160
Employee benefits expense	26	44,843	39,922
Finance costs	27	3,120	4,765
Depreciation and amortisation expense	28	25,986	25,965
Other expenses	29	1,88,098	1,68,635
Total		**13,29,252**	11,83,593
Profit before tax		**87,931**	60,782
Tax expense	30		
Current tax		32,261	24,110
Deferred tax credit		(661)	(2,791)
Total tax expense		**31,600**	21,319
Profit for the year		**56,331**	39,463
Other comprehensive income (OCI)			
Items that will not be reclassified to the statement of profit and loss in subsequent periods			
Re-measurement losses on defined benefit plans		(293)	(469)
Income tax effect on above		102	164
Items that will be reclassified to the statement of profit and loss in subsequent periods			
Net movement in cash flow hedges	31	261	236
Income tax effect on above		(85)	(82)
		(15)	(151)
Total comprehensive income for the year		**56,316**	39,312
Profit for the year attributable to:			
Equity shareholders of the Holding Company		56,294	39,420
Non-controlling interest		37	43
		56,331	39,463
Total comprehensive income for the year attributable to:			
Equity shareholders of the Holding Company		56,279	39,269
Non-controlling interest		37	43
		56,316	39,312
Earnings per share in Rs. [nominal value per share Re.1 (Previous year: Re.1)]	32		
Basic		21.30	14.93
Diluted		21.30	14.93
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Chugh Yoginder Pal
Director
DIN: 00106536

per Mahendra Jain
Partner
Membership Number: 205839
Place: Bengaluru
Date: May 20, 2019

P A Poonacha
Senior Vice President –
Finance & Accounts - CFO
Place: Bengaluru
Date: May 20, 2019

Govind Iyengar
Senior Vice President –
Legal and Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2019

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

	Notes	March 31, 2019	March 31, 2018
A Cash flow from operating activities			
Profit before tax		87,931	*60,782*
Adjustments for:			
Depreciation and amortisation expense		25,986	*25,965*
Bad debts/advances written off		338	*1*
Provision for impairment of trade receivables		392	*3,349*
Provision for doubtful advances		54	*333*
Net (gain)/ loss on sale of property, plant and equipment		(28)	*60*
Effect of adoption of new revenue recognition accounting standard Ind AS 115		(549)	*—*
Exchange differences (net)		91	*100*
Liabilities no longer required written back		(348)	*(381)*
Provision for impairment of trade receivables, no longer required written back		(1,894)	*(382)*
Provision for doubtful advances, no longer required written back		(14)	*(2)*
Interest expense		3,063	*4,707*
Interest income		(731)	*(209)*
Operating profits before working capital changes		**1,14,291**	*94,323*
Movement in working capital:			
(Increase)/decrease in Inventories		(22,446)	*(5,716)*
(Increase)/decrease in Trade receivables		260	*(23,284)*
(Increase)/decrease in Other financial assets		440	*3,814*
(Increase)/decrease in Other assets		(14,997)	*(6,546)*
Increase/(decrease) in Trade payables		7,323	*6,471*
Increase/(decrease) in Other financial liabilities		5,730	*2,066*
Increase/(decrease) in Other current liabilities and provisions		12,660	*10,541*
Cash generated from operations		**1,03,261**	*81,669*
Direct taxes paid (net of refund)		(38,982)	*(25,339)*
Net cash flow from operating activities (A)		**64,279**	*56,330*
B Cash flow from investing activities			
Purchase of property, plant and equipment including capital work-in-progress, intangible assets and capital advances		(43,793)	*(20,169)*
Proceeds from sale of property, plant and equipment		130	*27*
Investments in equity shares		(11)	*(7)*
Investments in bank deposits (having original maturity of more than three months)		(984)	*(676)*
Redemption/maturity of bank deposits (having original maturity of more than three months)		888	*899*
Interest received		732	*222*
Net cash used in investing activities (B)		**(43,038)**	*(19,704)*

Consolidated Cash Flow Statement contd.

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

	Notes	March 31, 2019	March 31, 2018
C Cash flow from financing activities			
Proceeds from long-term borrowings		49	7,500
Repayment of long-term borrowings		(5,428)	(19,784)
Proceeds from/(repayment of) short-term borrowings (net)		(4,678)	(15,912)
Interest paid		(3,131)	(5,073)
Dividend paid to equity shareholders		(4,487)	(2,461)
Dividend distribution tax paid		(1,091)	(623)
Net cash flow used in financing activities (C)		**(18,766)**	(36,353)
Net increase in cash and cash equivalents (A+B+C)		**2,475**	273
Cash and cash equivalents at the beginning of the year		1,535	1,262
Cash and cash equivalents at the end of the year		**4,010**	1,535
Components of cash and cash equivalents			
Cash on hand		12	20
Bank balances on current accounts*		3,981	1,512
Bank balances on deposit accounts with original maturity of three months or less		17	3
Total cash and cash equivalents		**4,010**	1,535

*Includes Rs. 2,090 Lakhs (Previous Year: Rs. 1,289 Lakhs) towards unpaid dividend accounts which can be utilised only towards settlement of unpaid dividends.

The summary of changes arising from cash flow and non-cash flow changes in respect of borrowings is as below:

	Notes	March 31, 2019	March 31, 2018
Non-current borrowings (including current maturities)			
At beginning of the year		25,928	38,212
Cash flow changes		(5,379)	(12,284)
Non-cash changes		—	—
At end of the year		**20,549**	25,928
Current borrowings			
At beginning of the year		5,278	21,190
Cash flow changes		(4,678)	(15,912)
Non-cash changes		—	—
At end of the year		**600**	5,278
Summary of significant accounting policies	2.1		

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839
Place: Bengaluru
Date: May 20, 2019

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Chugh Yoginder Pal
Director
DIN: 00106536

P A Poonacha
Senior Vice President –
Finance & Accounts - CFO
Place: Bengaluru
Date: May 20, 2019

Govind Iyengar
Senior Vice President –
Legal and Company Secretary

Consolidated Statement of Changes in Equity for the year ended March 31, 2019

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

a) Equity share capital

Equity shares of Re. 1 each issued, subscribed and fully paid

	As at March 31, 2019		*As at March 31, 2018*	
	Numbers	Rs. in Lakhs	*Numbers*	*Rs. in Lakhs*
Balance at the beginning of the year	26,44,05,149	2,644	*26,44,05,149*	*2,644*
Changes during the year	—	—	—	—
Balance at the end of the year	**26,44,05,149**	**2,644**	*26,44,05,149*	*2,644*

b) Other equity

	Attributable to the equity shareholders of the Holding Company						Non-controlling interest
	Reserves and surplus				Items of OCI	Total	
	Capital redemption reserve	Securities premium	General reserve	Retained earnings	Cash flow hedge reserve		
	Note 13	Note 13	Note 13	Note 13	Note 13		
Balance as at April 1, 2017	24,690	62,938	27,588	1,15,891	(330)	2,30,777	278
Profit for the year	—	—	—	39,420	—	39,420	43
Other comprehensive income	—	—	—	(305)	154	(151)	—
Transfer from retained earnings	—	—	3,990	(3,990)	—	—	—
Cash dividends (Refer Note 13)	—	—	—	(3,041)	—	(3,041)	(23)
Dividend distribution tax	—	—	—	(623)	—	(623)	(4)
Balance as at March 31, 2018	**24,690**	**62,938**	**31,578**	**1,47,352**	**(176)**	**2,66,382**	**294**
Balance as at April 1, 2018	24,690	62,938	31,578	1,47,352	(176)	2,66,382	294
Profit for the year	—	—	—	56,294	—	56,294	37
Effect of adoption of new revenue recognition accounting standard Ind AS 115 (Refer Note 2.2)	—	—	—	(549)	—	(549)	—
Other comprehensive income	—	—	—	(191)	176	(15)	—
Transfer from retained earnings	—	—	5,653	(5,653)	—	—	—
Cash dividends (Refer Note 13)	—	—	—	(5,288)	—	(5,288)	(23)
Dividend distribution tax	—	—	—	(1,091)	—	(1,091)	(4)
Balance as at March 31, 2019	**24,690**	**62,938**	**37,231**	**1,90,874**	**—**	**3,15,733**	**304**

UNITED BREWERIES LIMITED

Capital redemption reserve – The said reserve was created by transfer from general reserve on redemption of preference shares. This reserve account can be applied in paying up unissued shares to be issued to members of the Group as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

Securities premium – The reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares, in accordance with the provisions of the Companies Act, 2013.

Consolidated statement of changes contd.

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

General reserve – Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Group for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. The Group also voluntarily makes annual transfer of net income to general reserve. The amount transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Cash flow hedge reserve – The Group uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Group uses foreign currency forward contracts, cross currency swaps and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the consolidated statement of profit and loss when the hedged item affects the consolidated statement of profit and loss.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839
Place: Bengaluru
Date: May 20, 2019

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Chugh Yoginder Pal
Director
DIN: 00106536

P A Poonacha
Senior Vice President –
Finance & Accounts - CFO
Place: Bengaluru
Date: May 20, 2019

Govind Iyengar
Senior Vice President –
Legal and Company Secretary

Notes to consolidated Ind AS financial statements for the year ended March 31, 2019

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

1. Corporate information

The consolidated Ind AS financial statements comprise financial statements of United Breweries Limited ("UBL" or "the Holding Company"), its subsidiary (collectively, "the Group") and its associate. UBL is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The registered office of the Holding Company is located at UB Tower, UB city, 24, Vittal Mallya Road, Bengaluru 560001, Karnataka, India. The Group is primarily engaged in the manufacture, purchase and sale of beer and non-alcoholic beverages. The Group has manufacturing facilities in India. The consolidated Ind AS financial statements were approved by the Board of Directors of the Holding Company on May 20, 2019.

2. Basis of preparation of consolidated Ind AS financial statements

The consolidated Ind AS financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable. The consolidated Ind AS financial statements have been prepared on a historical cost basis, except for assets and liabilities which are required to be measured at fair value. The consolidated Ind AS financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The significant accounting policies adopted for preparation and presentation of the consolidated Ind AS financial statements have been applied consistently, except for the changes in accounting policy for amendments to the standard that were issued effective for annual period beginning from on or after April 1, 2018 relating to Ind AS 115 on Revenue from Contract with Customers and Appendix B to Ind AS 21, Foreign currency transactions and advance consideration.

Basis of consolidation

The consolidated Ind AS financial statements comprise the financial statements of the Holding Company, its subsidiary and associate as below:

Name of the company	Relationship	Country of incorporation	% of Ownership Interest	
			As at March 31, 2019	As at March 31, 2018
Maltex Malsters Limited ("MML")	Subsidiary	India	51%	51%
Kingfisher East Bengal Football Team Private Limited ("KEBFTPL")*	Associate	India	49.99%	49.99%

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

The control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Ind AS financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31st.

Consolidation procedure

(i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary.

(ii) Offset the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

(iii) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full).

The consolidated statement of profit and loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests; recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statement of profit and loss; and reclassifies the parent's share of components previously recognized in OCI to the consolidated statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 Summary of significant accounting policies

(a) Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Previous GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro- rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(b) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiary.

The Group's interest in associate has been considered as not material to the Group and hence the investment in associate has been recognized at cost.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the consolidated statement of profit and loss.

(c) Current versus non-current classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(d) Foreign currencies

The consolidated Ind AS financial statements are presented in INR, which is also the Holding Company's functional currency. Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date, the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or the consolidated statement of profit and loss are also recognised in OCI or the consolidated statement of profit and loss, respectively).

(e) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated Ind AS financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated Ind AS financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. External valuers are involved, wherever considered necessary.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. This note summarizes accounting policy for fair value and the other fair value related disclosures are given in the relevant notes.

(f) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Notes to consolidated Ind AS financial statements contd.
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements, except in certain contract manufacturing arrangements as mentioned below, since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 115 issued by the Institute of Chartered Accountants of India ("ICAI"), the Group has assumed that recovery of excise duty flows to the Group on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. However, sales tax/value added tax (VAT)/goods and services tax is not received by the Group on its own account and is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of products
Revenue from the sale of products is recognised when control of the products has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and incentives.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception.

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Sale of services
Royalty income is recognized, on an accrual basis, at agreed rate on sale of branded products by the licensee, in accordance with the terms of the agreement. The Group provides non-exclusive license to the parties to manufacture, sell and distribute its goods in exchange of royalty fee which is based on the sales made to the end customer.

The Group recognises revenue from sales-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the events occurs - (a) the subsequent sale occurs; and (b) the performance obligation to which some or all of the sales-based has been allocated has been satisfied (or partially satisfied).

Income from contract manufacturing units

The Group evaluates its revenue arrangements with Contract Manufacturing Units ("CMUs") to identify agency relationship.

The Group is regarded as a principal if it controls promised good or service before it transfers the good or service to customer. In case if the Group is a principal in a contract, it may satisfy a performance obligation by itself or may engage CMU to satisfy some or all of a performance obligation on its behalf. In this case, the Group recognises revenue at the gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. Revenue is recognized on sale of products to customers and the related cost of sales is also recognized by the Group, as and when incurred.

The Group is regarded as an agent if its performance obligation is to arrange for the provision of goods or services by CMU. In this case CMU is primarily responsible for fulfilling the contract and the Group does not have discretion in establishing prices and is also not exposed to inventory and credit risks for the amount receivable from the customer. In this case, the Group recognises revenue at the net amount of consideration that it retains after paying CMU the consideration received in exchange for the goods or services to be provided by that CMU. This net consideration is recognized as income, as per the terms of respective agreement and on the basis of information provided by respective CMU. Such income is included under the head "other operating revenues" in the consolidated statement of profit and loss.

Interest

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is included under the head "other income" in the consolidated statement of profit and loss.

Dividends

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(g) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(h) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside the consolidated statement of profit and loss is recognised outside the consolidated statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities and assets are recognized for all taxable temporary differences and deductible temporary differences, except:

- when the deferred tax liability or asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable the consolidated statement of profit and loss; and
- in respect of taxable temporary differences and deductible temporary differences associated with investments in subsidiary and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the consolidated statement of profit and loss is recognised outside the consolidated statement of profit and loss (either in OCI or in equity in correlation to the underlying transaction).

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 taxes relate to the same taxable entity and the same taxation authority.

Sales/value added tax/goods and services tax paid on acquisition of assets or on incurring expenses

When the tax incurred on purchase of assets or services is not recoverable from the taxation authority, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Otherwise, expenses and assets are recognized net of the amount of sales/ value added taxes/goods and service tax paid. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

(i) Property, plant and equipment

Property, plant and equipment, capital work-in-progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred.

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

Depreciation is calculated on a straight-line basis over the useful lives of the assets, estimated by the management, as follows:

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

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

For the purpose of depreciation calculation, residual value is determined as 5% of the original cost for all the assets, as estimated by the management basis independent assessment by an expert. The Group, based on technical assessment made by technical expert and management estimate, depreciates following assets, not included above, over the estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used.

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

(ii) Beer dispensers and coolers (included under furniture and fixtures) and Kegs (included under plant and equipment) are depreciated on a straight-line basis over a period of 3 years being useful life, as estimated by the management considering nature of these assets.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss, when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

(j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit and loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as finite.

Intangible assets are amortized over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognized in the consolidated statement of profit and loss, unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of the consolidated statement of profit and loss when the asset is derecognised.

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

	Useful life (years)
Licenses and rights	10
Brands	10

(k) Borrowing costs

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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(l) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is or contains a lease, if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term.

(m) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, Packing materials and bottles, Stores and spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and Work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Stock-in-trade: 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 the estimated costs necessary to make the sale.

(n) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any 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") fair value less costs of disposal and its value in use. 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. When 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated statement of profit and loss.

Notes to consolidated Ind AS financial statements contd.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(o) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, 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. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Retirement and other employee benefits

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. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for 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 already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

In respect of certain employees, the Group 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 Group will meet the shortfall in the return, if any, which is determined based on an actuarial valuation carried out, as per projected unit credit method, as at the date of balance sheet. The contributions to provident fund are charged to the consolidated statement of profit and loss on an accrual basis.

Retirement benefit in the form of superannuation fund is a defined contribution scheme. The Group has established a Superannuation Fund Trust to which contributions are made each month. The Group recognizes contribution payable to the superannuation fund scheme as expenditure, when an employee renders the related service. The Group has no other obligations beyond its monthly contributions.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re- measurements are not reclassified to the consolidated statement of profit and loss in subsequent periods.

Past service costs are recognized in the consolidated statement of profit and loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the changes in the net defined benefit obligation which includes service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income, as an expense in the consolidated statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next twelve 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 consolidated balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

(q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through the consolidated statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through the consolidated statement of profit and loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Notes to consolidated Ind AS financial statements contd.
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the consolidated statement of profit and loss. The losses arising from impairment are recognised in the consolidated statement of profit and loss. This category generally applies to trade and other receivables.

A 'debt instrument' is classified as FVTOCI, if both of the following criteria are met:

(i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

(ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Group recognizes interest income, impairment losses and foreign exchange gain or loss in the consolidated statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the consolidated statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. If the Group decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amount from OCI to the consolidated statement of profit and loss even on the sale of investments. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated statement of profit and loss.

De-recognition

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A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve-month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original EIR. ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the consolidated statement of profit and loss. This amount is reflected under the head 'other expenses' in the consolidated statement of profit and loss.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include borrowings, trade and other payables, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through the consolidated statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through the consolidated statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through the consolidated statement of profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to the consolidated statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the consolidated statement of profit and loss.

Borrowings is the category most relevant to the Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit and loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

Notes to consolidated Ind AS financial statements contd.

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

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non- derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though the consolidated statement of profit and loss.

These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit and loss, unless designated as effective hedging instruments.

Reclassification of financial assets and liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no re-classification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a re-classification is made only if there is a change in the business model for managing those assets. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations.

If the Group reclassifies financial assets, it applies the re-classification prospectively from the re- classification date, which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(r) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, currency and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to the consolidated statement of profit and loss when the hedge item affects the consolidated statement of profit and loss. For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognized firm commitment.

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The hedges that meet the criteria for hedge accounting are accounted for, as described below:

- Fair value hedges – The change in the fair value of a hedging instrument is recognized in the consolidated statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of profit and loss as finance costs. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated statement of profit and loss.
- Cash flow hedges – The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit and loss. The amounts recognized as OCI are transferred to the consolidated statement of profit and loss when the hedged transaction affects the consolidated statement of profit and loss, such as when the hedged financial income or financial expense is recognized. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the foreign currency firm commitment is met.

(s) Cash and cash equivalents

Cash and cash equivalents in the consolidated balance sheet and consolidated cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(t) Cash dividend to equity holders

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Group does not recognize a contingent liability but discloses its existence in the consolidated Ind AS financial statements.

(v) Earnings per share

Basic earnings per share is calculated by dividing the net consolidated 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 consolidated 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.

(w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments of the Group are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(x) Significant accounting judgements, estimates and assumptions

The preparation of the consolidated Ind AS financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group bases its assumptions and estimates on parameters available when the consolidated Ind AS financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The judgements, estimates and assumptions management has made which have the most significant effect on the amounts recognized in the consolidated Ind AS financial statements are as below:

Revenue from contracts with customers

The Group determines and updates its assessment of expected allowances, discounts and incentives periodically and the accruals are adjusted accordingly. Estimates of expected allowances, discount and incentives are sensitive to changes in circumstances and the Group's past experience regarding these amounts may not be representative of actual amounts in the future.

Property, plant and equipment

The depreciation of property, plant and equipment is derived on determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Group's assets are determined by the management at the time of acquisition of asset and is reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

Impairment of financial and non-financial assets

Significant management judgement is required to determine the amounts of impairment loss on the financial and non-financial assets. These calculations are sensitive to underlying assumptions.

Tax provisions and contingencies

Significant management judgement is required to determine the amounts of tax provisions and contingencies, including the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.2 Changes to accounting policies and disclosures

The Group applied Ind AS 115 for the first time for year ended March 31, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Certain other amendments and interpretations were also applied for the first time for year ended March 31, 2019, but these do not have a material impact on the consolidated Ind AS financial statements. The Group has not early adopted any standards or amendments that have been issued but are not yet effective as at year end.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 "Revenue from Contracts with Customers", mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. The application of Ind AS 115 has impacted the Group's accounting for revenue from sale of products with consequential impact on expenses and taxes. The Group has applied the modified retrospective approach and debited consolidated retained earnings as at April 1, 2018 by Rs. 549 Lakhs, net of tax effect.

The impact on consolidated Ind AS financial statements arising from the application of Ind AS 115 vis-à- vis the amounts if replaced standard was applicable is increase / (decrease) as below:

	For the year ended March 31, 2019
Revenue from contracts with customers	(1,148)
Expense	(984)
Tax expense	(57)
Profit after tax	(107)
Basic / diluted earnings per share	(0.04)

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non- monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any material impact on the Group's consolidated Ind AS financial statements.

2.3 Standards issued but not yet effective

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified certain amendments to Indian Accounting Standards (Ind AS), as below. All these amendments are effective from financial year beginning on or after April 1, 2019.

Ind AS 116 Leases

Ind AS 116 on Leases notified on March 30, 2019 replaces Ind AS 17 on Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re- measurement of the lease liability as an adjustment to the right-of-use asset.

The Group will adopt this standard from the effective date and is currently assessing the adoption method and the potential impact the adoption of this standard will have on its consolidated Ind AS financial statements.

Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments is to be applied while performing the determination of taxable the consolidated statement of profit and loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the Appendix, an entity shall determine whether it is probable that the relevant taxation authority would accept an uncertain tax treatment, or group of uncertain tax treatments, that the entity have used or plan to use in its income tax filings. An entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value of the tax treatment, for determining taxable profit or tax loss, tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition i.e. a) Full retrospective approach - under this approach, Appendix C shall be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 on Accounting Policies, Changes in Accounting Estimates and Errors, without using hind sight; or b) Retrospectively with cumulative effect of initially applying Appendix C recognized as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application and without restating the comparative information.

The Group will adopt Appendix C from the effective date and is currently assessing the adoption method and the potential impact the adoption of Appendix C will have on its consolidated Ind AS financial statements.

Amendments to Ind AS 12 Income Taxes

The amendment clarifies that an entity shall recognise the income tax consequences of dividends when it recognises a liability to pay a dividend. Also, an entity shall recognise the income tax consequences of dividends in the consolidated statement of profit and loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group will adopt these amendments from the effective date and does not expect any material impact to arise on its consolidated Ind AS financial statements from adoption of these amendments.

Amendments to Ind AS 19 Employee Benefits - Plan amendment, curtailment or settlement

The amendments to Ind AS 19, Employee Benefits relate to effects of plan amendment, curtailment or settlement. While determining the past service cost at the time of plan amendment or curtailment, an entity shall re-measure the amount of net defined benefit liability/asset using the current fair value of plan assets and current actuarial assumptions which shall reflect the benefits offered under the plan and plan assets before and after the plan amendment, curtailment or settlement.

The amendments also require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement. An entity shall determine the effect of asset ceiling after the plan amendment, curtailment or settlement and shall recognise any change in that effect.

The Group will adopt these amendments from the effective date and does not expect any material impact to arise on its consolidated Ind AS financial statements from adoption of these amendments.

Amendments to Ind AS 109 Financial Instruments

The amendments to Ind AS 109 relate to classification of a financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. According to the amendments, these instruments can be classified as measured at amortised cost, or measured at fair value through the consolidated statement of profit and loss, or measured at fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied.

The Group will adopt these amendments from the effective date and does not expect any material impact to arise on its consolidated Ind AS financial statements from adoption of these amendments.

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Notes to consolidated Ind AS financial statements contd.

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

3. PROPERTY, PLANT AND EQUIPMENT

	Cost				Depreciation/Amortisation				Net book value
	As at April 1, 2018	Additions	Deletions	As at March 31, 2019	As at April 1, 2018	For the year	On Deletions	As at March 31, 2019	As at March 31, 2019
Freehold land (refer note a)	20,067	137	—	20,204	—	—	—	—	20,204
Leasehold land (refer note b)	11,516	5,952	—	17,468	847	152	—	999	16,469
Buildings (refer note c)	61,318	1,008	149	62,177	18,503	1,863	149	20,217	41,960
Leasehold improvements	64	—	—	64	64	—	—	64	—
Plant and equipment	2,51,968	19,873	2,528	2,69,313	1,62,360	21,753	2,444	1,81,669	87,644
Office equipments	1,658	97	18	1,737	1,216	130	18	1,328	409
Computers	1,646	217	40	1,823	1,272	117	39	1,350	473
Furniture and fixtures	16,912	2,562	29	19,445	14,458	1,215	18	15,655	3,790
Laboratory equipments	3,339	272	52	3,559	1,962	242	50	2,154	1,405
Vehicles	1,068	89	101	1,056	840	68	97	811	245
Total	**3,69,556**	**30,207**	**2,917**	**3,96,846**	**2,01,522**	**25,540**	**2,815**	**2,24,247**	**1,72,599**

Previous year

	Cost				Depreciation/Amortisation				Net book value
	As at April 1, 2017	Additions	Deletions	As at March 31, 2018	As at April 1, 2017	For the year	On Deletions	As at March 31, 2018	As at March 31, 2018
Freehold land (refer note a)	20,067	—	—	20,067	—	—	—	—	20,067
Leasehold land (refer note b)	11,322	194	—	11,516	723	124	—	847	10,669
Buildings (refer note c)	57,116	4,207	5	61,318	16,409	2,099	5	18,503	42,815
Leasehold improvements	64	—	—	64	64	—	—	64	—
Plant and equipment	2,36,047	18,222	2,301	2,51,968	1,43,278	21,304	2,222	1,62,360	89,608
Office equipments	1,525	143	10	1,658	1,091	135	10	1,216	442
Computers	1,578	78	10	1,646	1,192	90	10	1,272	374
Furniture and fixtures	15,989	935	12	16,912	12,997	1,467	6	14,458	2,454
Laboratory equipments	3,160	218	39	3,339	1,748	251	37	1,962	1,377
Vehicles	1,069	—	1	1,068	772	69	1	840	228
Total	**3,47,937**	**23,997**	**2,378**	**3,69,556**	**1,78,274**	**25,539**	**2,291**	**2,01,522**	**1,68,034**

a) Freehold land measuring 9.04 acres at Kuthambakkum (Tamilnadu) is pending registration in the name of the Group and titles of freehold land measuring 0.53 acres and 0.01 acres at Nanjangud (Karnataka) and Mallepally (Telangana), respectively, are in dispute and pending resolution in the Civil Courts as at March 31, 2019. Further, titles of freehold lands measuring 63.07 acres at Kothlapur (Telangana) is held in the name of erstwhile merged entity.

b) The titles of leasehold land measuring 43.73 acres at Aurangabad (Maharashtra) are held in the name of erstwhile merged entity.

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

	As at March 31, 2019	As at March 31, 2018
Gross block	27,261	26,981
Depreciation charge for the year*	777	1,039
Accumulated depreciation	8,188	7,411
Net block	**19,073**	19,570

*Net of depreciation on deletions

d) Refer Note 14 for details of property, plant and equipment pledged as security against borrowings.

UNITED BREWERIES LIMITED

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

4. INTANGIBLE ASSETS

	Cost				Depreciation / Amortisation				Net book value
	As at April 1, 2018	Additions	Adjustments	As at March 31, 2019	As at April 1, 2018	For the year	Adjustments	As at March 31, 2019	As at March 31, 2019
Licenses and rights	10,571	614	—	11,185	8,045	446	—	8,491	2,694
Goodwill	6,543	—	6,543	—	6,543	—	6,543	—	—
Brands	631	—	631	—	631	—	631	—	—
Total	**17,745**	**614**	**7,174**	**11,185**	**15,219**	**446**	**7,174**	**8,491**	**2,694**

Previous year

	Cost				Depreciation / Amortisation				Net book value
	As at April 1, 2017	Additions	Adjustments	As at March 31, 2018	As at April 1, 2017	For the year	Adjustments	As at March 31, 2018	As at March 31, 2018
Licenses and rights	10,571	—	—	10,571	7,619	426	—	8,045	2,526
Goodwill	6,543	—	—	6,543	6,543	—	—	6,543	—
Brands	631	—	—	631	631	—	—	631	—
Total	**17,745**	**—**	**—**	**17,745**	**14,793**	**426**	**—**	**15,219**	**2,526**

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Notes to consolidated Ind AS financial statements contd.

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

	As at March 31, 2019		As at March 31, 2018	
5. FINANCIAL ASSETS - NON-CURRENT INVESTMENTS (unquoted)				
Trade investments (at cost)				
Equity instruments				
Investment in associate				
Kingfisher East Bengal Football Team Private Limited [4,999 (March 31, 2018: 4,999) equity shares of Rs. 10 each]		1		1
Non-trade investments (at fair value)				
Equity instruments				
The Zoroastrian Co-operative Bank Limited [2,000 (March 31, 2018: 2,000) equity shares of Rs. 25 each]		1		1
SABMiller India Limited (Formerly, Skol Breweries Limited) [300 (March 31, 2018: 300) equity shares of Rs. 10 each]*		0		0
Castle Breweries Ltd. (Formerly, Jupiter Breweries Industries Limited) [50 (March 31, 2018: 50) equity shares of Rs. 10 each]*		0		0
Mohan Meakin Limited [100 (March 31, 2018: 100) equity shares of Rs. 5 each]*		0		0
Blossom Industries Limited [100 (March 31, 2018: 100) equity shares of Rs. 3 each]*		0		0
The Cosmos Co-operative Bank Limited [Nil (March 31, 2018: 1,000) equity shares of Rs. 100 each]		—		1
Renew Wind Energy (Karnataka) Private Limited [8,400 (March 31, 2018: 3,000) equity shares of Rs. 100 each]		8		3
Mytrah Vayu (Manjira) Private Limited [1,44,000 (March 31, 2018: 72,000) equity shares of Rs. 10 each]		14		7
In government securities				
National savings certificate	18		18	
Less: Provision for impairment in value of investments	15	3	15	3
Total		**27**		16
*Rounded off.				
Aggregate amount of unquoted investments (net)		27		16
Aggregate amount of impairment in value of investments		(15)		(15)

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

	Non-current		Current	
	As at March 31, 2019	*As at March 31, 2018*	**As at March 31, 2019**	*As at March 31, 2018*
6. FINANCIAL ASSETS - OTHERS				
Unsecured, considered good				
Financial instruments at fair value through OCI				
Cross currency interest rate swap*	—	—	—	968
Financial assets at amortised cost				
Security deposits	5,656	5,110	—	—
Bank deposits with remaining maturity of more than 12 months	477	53	—	—
Margin money deposits towards bank guarantees	98	144	—	—
Interest accrued on fixed deposits, deposits and advances	—	—	71	72
	6,231	5,307	**71**	1,040
Unsecured, credit impaired				
Security deposits	74	74	—	—
Less: Provision for impairment	74	74	—	—
	—	—	—	—
Total	**6,231**	5,307	**71**	1,040

*Represents fair value of cross currency interest rate swap designated as cash flow hedge to hedge foreign currency and interest rate risks on borrowings.

	Non-current		Current	
7. OTHER ASSETS				
Unsecured, considered good				
Capital advances	6,622	4,208	—	—
Advances other than capital advances				
Advance to suppliers**	3,095	3,157	3,166	8,607
Employees and other advances	94	79	234	378
Prepaid expenses	2,535	169	7,148	5,433
Balance with statutory/government authorities	4,839	3,712	30,288	15,513
Government grant receivable	639	639	—	—
	17,824	11,964	**41,104**	29,931
Unsecured, considered doubtful				
Capital advances	86	86	—	—
Advances other than capital advances				
Advance to suppliers	85	100	—	—
Balance with statutory/government authorities	322	267	—	—
Less: Provision for doubtful advances	493	453	—	—
	—	—	—	—
Total	**17,824**	11,964	**41,104**	29,931

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

There are no advances to directors or other officers of the Group or any of them either severally or jointly with any other person or advances to firms or private companies, respectively, in which any director is a partner or a director or a member.

Notes to consolidated Ind AS financial statements contd.

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

	As at March 31, 2019	As at March 31, 2018
8. INVENTORIES		
(valued at lower of cost and net realisable value)		
Raw materials [Includes in transit: Rs. 917 Lakhs (March 31, 2018: Rs. 20 Lakhs)]	26,412	20,178
Packing materials and bottles [Includes in transit: Rs. 1,328 Lakhs (March 31, 2018: Rs. 473 Lakhs)]	12,660	10,550
Work-in-progress	34,916	32,190
Finished goods*	24,581	13,567
Stock-in-trade [Includes in transit: Rs. 10 Lakhs (March 31, 2018: Rs. Nil)]	358	6
Stores and spares [Includes in transit: Rs. 494 Lakhs (March 31, 2018: Rs. 53 Lakhs)]	4,319	4,309
Total	**1,03,246**	80,800

*Net of provision for obsolete stock Rs. 1,463 Lakhs (March 31, 2018: Rs. 1,024 Lakhs).

During the year an amount of Rs. 1,555 Lakhs (March 31, 2018: Rs. 976 Lakhs) was recognised as an expense for inventories carried at net realisable values.

	As at March 31, 2019	As at March 31, 2018
9. TRADE RECEIVABLES		
Considered good		
Secured	1,006	1,204
Unsecured	1,50,093	1,48,653
	1,51,099	1,49,857
Credit impaired		
Unsecured	5,404	6,906
Less: Provision for impairment	5,404	6,906
	—	—
Total	**1,51,099**	1,49,857

No debts are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Also, no debts are due from firms or private companies, respectively, in which any director is a partner or a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days. Management is of view that there are no receivables included above which have significant increase in credit risk as at year end.

	As at March 31, 2019	As at March 31, 2018
10. CASH AND CASH EQUIVALENTS		
Bank balances on current accounts**	3,981	1,512
Bank deposits with original maturity of three months or less	17	3
Cash on hand	12	20
Total	**4,010**	1,535

**Includes balance in unpaid dividend account of Rs. 2,090 Lakhs (March 31, 2018: Rs. 1,289 Lakhs) and balances in exchange earners foreign currency accounts of Rs. 1,251 Lakhs (March 31, 2018: Rs. 41 Lakhs).

	As at March 31, 2019	As at March 31, 2018
11. OTHER BANK BALANCES		
Bank deposits with original maturity of:		
Less than 12 months but more than 3 months	555	846
Greater than 12 months	52	43
Total	**607**	889

Other bank balances excludes bank deposits with remaining maturity of more than 12 months and margin money deposits (Refer Note 6).

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

	As at March 31, 2019	As at March 31, 2018
12. EQUITY SHARE CAPITAL		
Authorised share capital		
4,129,800,000 (March 31, 2018: 4,129,800,000) equity shares of Re. 1 each	41,298	41,298
58,600,000 (March 31, 2018: 58,600,000) preference shares of Rs. 100 each	58,600	58,600
	99,898	99,898
Issued, subscribed and fully paid-up shares		
264,405,149 (March 31, 2018: 264,405,149) equity shares of Re. 1 each	2,644	2,644
	2,644	2,644

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

	As at March 31, 2019		As at March 31, 2018	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
At the beginning of the year	2,644	26,44,05,149	2,644	26,44,05,149
Changes during the year	—	—	—	—
Outstanding at the end of the year	**2,644**	**26,44,05,149**	2,644	26,44,05,149

(b) Terms/rights attached to equity shares

The Holding 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.

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

(c) Details of shareholders holding more than 5% of the shares in the Holding Company

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Nos.	%	Nos.	%
Equity shares of Re.1 each fully paid				
Scottish & Newcastle India Limited	8,99,94,960	34.04%	8,99,94,960	34.04%
Deputy Director, Directorate of Enforcement	4,27,04,758	16.15%	—	—
Heineken International B.V.	2,45,25,575	9.28%	1,71,20,643	6.48%
Dr. Vijay Mallya (including joint holdings)	2,13,53,620	8.08%	2,13,53,620	8.08%
United Breweries (Holdings) Limited	—	—	2,69,48,843	10.19%

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

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

	As at March 31, 2019	As at March 31, 2018
Equity shares issued in 2012-13 on amalgamation of Scottish and Newcastle India Private Limited (Nos.)	84,89,270	84,89,270

Notes to consolidated Ind AS financial statements contd.

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

	As at March 31, 2019	As at March 31, 2018
13. OTHER EQUITY		
Capital redemption reserve		
Balance as per last consolidated Ind AS financial statements	**24,690**	*24,690*
Securities premium		
Balance as per last consolidated Ind AS financial statements	**62,938**	*62,938*
General reserve		
Balance as per last consolidated Ind AS financial statements	31,578	*27,588*
Transfer from consolidated statement of profit and loss	5,653	*3,990*
Closing balance	**37,231**	*31,578*
Cash flow hedge reserve		
Balance as per last consolidated Ind AS financial statements	(176)	*(330)*
Net movement on cash flow hedges (net of tax) (Refer Note 31)	176	*154*
Closing balance	—	*(176)*
Retained earnings		
Balance as per last consolidated Ind AS financial statements	1,47,352	*1,15,891*
Consolidated profit for the year	56,294	*39,420*
Effect of adoption of new revenue recognition accounting standard Ind AS 115 (net of tax) (Refer Note 2.2)	(549)	—
Other comprehensive income	(191)	*(305)*
Appropriations		
Final equity dividend [amount per share Rs. 2 (Previous year: Rs. 1.15)]	(5,288)	*(3,041)*
Tax on equity dividend	(1,091)	*(623)*
Transfer to general reserve	(5,653)	*(3,990)*
Closing balance	**1,90,874**	*1,47,352*
Total reserves and surplus	**3,15,733**	*2,66,382*
Distribution made and proposed		
Cash dividends on equity shares declared and paid:		
Dividend for the year ended March 31, 2018: Rs. 2 per share (March 31, 2017: Re. 1.15 per share)	5,288	*3,041*
Dividend distribution tax	1,091	*623*
	6,379	*3,664*
Proposed dividends on equity shares:		
Dividend for the year ended on March 31, 2019: Rs. 2.50 per share (March 31, 2018: Rs. 2 per share)	6,610	*5,288*
Dividend distribution tax	1,359	1,087
	7,969	*6,375*

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at year end.

Non-Controlling interest		
Balance as per last consolidated Ind AS financial statements	294	*278*
Profit for the year	37	*43*
Cash dividends	(23)	*(23)*
Dividend distribution tax	(4)	*(4)*
Closing balance	**304**	*294*

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

	Non-current portion		Current portion	
	As at March 31, 2019	*As at March 31, 2018*	**As at March 31, 2019**	*As at March 31, 2018*
14. FINANCIAL LIABILITIES – NON-CURRENT BORROWINGS				
Secured borrowings				
Foreign currency term loans				
External commercial borrowing from banks	—	—	—	5,428
Indian currency term loan from banks	7,543	20,500	13,006	—
	7,543	20,500	**13,006**	5,428
Less: Amount disclosed under the head "Other financial liabilities" (Refer Note 15)	—	—	13,006	5,428
Total	**7,543**	20,500	—	—

Secured borrowings

Nature of security	Repayment and other terms
Foreign currency term loans	
Rabobank International: Rs. Nil Lakhs (March 31, 2018: Rs. 5,428 Lakhs) secured by pari-passu charge on immovable assets of the Holding Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and on all movable assets of the Holding Company, other than assets of Taloja.	Repayable in 3 equal annual installments commencing on February 8, 2017 till February 8, 2019. The loan carried interest of 9.78% per annum payable on quarterly basis.
Indian currency term loan	
BNP Paribas: Rs. 13,000 Lakhs (March 31, 2018: Rs. 13,000 Lakhs) secured by first pari-passu charge on all movable fixed assets of the Holding Company, other than assets of Taloja unit.	Repayable after 3 years from the date of drawal i.e. on December 8, 2019 and March 14, 2020. The loan carries interest of 7.75% and 8.05% per annum payable on monthly basis.
Cooperatieve Rabo Bank U.A.: Rs.7,500 (March 31, 2018: Rs. 7,500 Lakhs) secured by a pari-passu charge over all the movable fixed assets of the Holding Company, other than assets of Taloja unit.	Repayable after 3 years from the date of drawal i.e. on December 22, 2020. The loan carries interest of 7.68% to 7.80% per annum payable on monthly basis.
Daimler Financial Services India Private Limited: Rs. 49 Lakhs (March 31, 2018 : Rs. Nil Lakhs) secured by hypothecation of Car of the Holding Company.	Repayable in 48 equal monthly instalments starting from October 2018. The loan carries interest rate of 11.5% per annum.

Notes to consolidated Ind AS financial statements contd.

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

15. OTHER FINANCIAL LIABILITIES

	Non-current		Current	
	As at March 31, 2019	*As at March 31, 2018*	**As at March 31, 2019**	*As at March 31, 2018*
Financial liabilities at amortised cost				
Current maturities of long-term borrowings (Refer Note 14)	—	—	13,006	5,428
Liability for capital goods	—	—	5,054	3,847
Interest accrued but not due on borrowings	—	—	197	265
Security deposits	—	—	3,850	3,485
Unpaid dividends*	—	—	2,090	1,289
Salaries and bonus payable	955	907	4,421	4,255
Freight expenses payable	—	—	13,580	10,590
Other expenses payable	—	—	27,881	25,720
Total	**955**	907	**70,079**	54,879

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

16. PROVISIONS

	Non-current		Current	
	As at March 31, 2019	*As at March 31, 2018*	**As at March 31, 2019**	*As at March 31, 2018*
Provision for employee benefits				
Gratuity	163	93	1,000	1,000
Compensated absences	—	—	3,795	3,555
	163	93	**4,795**	4,555
Other provisions				
Provision for litigations	—	—	3,023	3,233
Provision for claims	—	—	279	279
	—	—	3,302	3,512
Total	**163**	93	**8,097**	8,067

	At the beginning of the year	Additions during the year	Utilised during the year	Unused amounts reversed	At the end of the year
Provision for litigations	3,233	89	77	222	3,023
	(2,897)	(336)	—	—	(3,233)
Provision for claims	279	—	—	—	279
	(918)	—	(7)	(632)	(279)

Figures in brackets are of previous year.

Provision for litigations relates to matters which are sub-judice. Although the Group 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)

	Consolidate Balance sheet		Consolidated Statement of profit and loss	
	As at March 31, 2019	*As at March 31, 2018*	**As at March 31, 2019**	*As at March 31, 2018*
17. DEFERRED TAX LIABILITY (NET)				
Deferred tax liabilities				
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	5,860	*6,931*	(1,071)	*(1,146)*
	5,860	*6,931*	**(1,071)**	*(1,146)*
Deferred tax assets				
Provision for doubtful receivables and advances	2,087	*2,597*	(510)	*1,166*
Provision for gratuity and compensated absences	1,731	*1,626*	105	*210*
Fair valuation of cash flow hedges	—	*9*	(9)	*(81)*
Other provisions	898	*877*	21	*432*
	4,716	*5,109*	**(393)**	*1,727*
Net deferred tax liability	**1,144**	*1,822*		
Deferred tax credit			**(678)**	*(2,873)*
Reconciliation of movement in deferred tax liability (net)				
Balance at the beginning of the year	1,822	*4,695*		
Tax charge/(credit) during the year				
Recognised in the consolidated statement of profit and loss	(661)	*(2,791)*		
Recognised in consolidated OCI	(17)	*(82)*		
	(678)	*(2,873)*		
Balance at the end of the year	**1,144**	*1,822*		

The Group has not recognised deferred tax asset on provision for impairment in value of goodwill, considering uncertainty that sufficient future taxable capital gains would be available against which such tax credits can be utilised.

Further, the subsidiary declares dividend only out of profits for respective year end and the Holding Company has determined that the accumulated profits will not be distributed in the foreseeable future. Hence deferred tax liability on undistributed profits of the subsidiary has not been recognised as at year end.

Notes to consolidated Ind AS financial statements contd.

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

	As at March 31, 2019	As at March 31, 2018
18. FINANCIAL LIABILITIES – CURRENT BORROWINGS		
Secured borrowings		
Indian currency cash credit from banks	—	*4,678*
Indian currency working capital demand loan from bank	600	*600*
Total	**600**	*5,278*

(a) Cash credit facilities from banks are secured by first pari-passu charge on all current assets of the Holding 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 8.00% to 12.50% p.a.

(b) Indian currency working capital demand loan is part of consortium facility and is secured by first pari-passu charge on all current assets of the Holding Company namely stock of raw materials, semi finished and finished goods, stores and spares and not relating to plant & machinery (consumables, stores & spares), bills receivable and book debt of the present and the future. The facility is repayable within 360 days and carries interest rate of 7.75% per annum.

19. FINANCIAL LIABILITIES - TRADE PAYABLES

Total outstanding dues of micro and small enterprises (Refer Note 36 for details)	4,426	*481*
Total outstanding dues of creditors other than micro and small enterprises (including acceptances)*	54,596	*51,691*
Total	**59,022**	*52,172*

*Includes dues to related parties (Refer Note 38)

Trade payables are non-interest bearing and are normally settled on 30 to 180 days term.

20. OTHER CURRENT LIABILITIES

Statutory dues payable	64,224	*56,065*
Contract liabilities - Advances from customers*	7,241	*1,924*
Advances from commission agents	692	*1,315*
Total	**72,157**	*59,304*

*Revenue recognised from amounts included in contract liabilities at the beginning of the year is Rs. 1,229 Lakhs (March 31, 2018 : Rs. 1,587 Lakhs)

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

	March 31, 2019	March 31, 2018
21. REVENUE FROM CONTRACTS WITH CUSTOMERS (INCLUDING EXCISE DUTY)		
Sale of products (including excise duty)	13,86,735	*12,16,342*
Sale of services	1,209	*1,121*
Other operating revenues	26,038	*25,599*
Total	**14,13,982**	*12,43,062*
(a) Disaggregated revenue information		
Sale of products (including excise duty)		
Beer	13,77,043	*12,07,424*
Non-alcoholic beverages	808	*—*
Others (Input materials)	8,884	*8,918*
	13,86,735	*12,16,342*
Sale of services		
Royalty income	1,209	*1,121*
	1,209	*1,121*
Other operating revenues		
Income from contract manufacturing units	16,427	*16,471*
Scrap sales	8,826	*8,866*
Others	785	*262*
	26,038	*25,599*
(b) Timing of revenue recognition		
Products transferred at a point in time	13,96,346	*12,25,470*
Services rendered at a point in time	17,636	*17,592*
	14,13,982	*12,43,062*
(c) Reconciliation of amount of revenue recognised with contract price		
Revenue as per contracted price	14,55,062	*13,25,815*
Adjustments (Variable considerations etc.)	(41,080)	*(82,753)*
Revenue from contracts with customers	**14,13,982**	*12,43,062*

(d) Performance obligations for sale of products is satisfied upon delivery of the goods and that for sale of services is satisfied upon rendering of respective services.

(e) Sale of products for the year ended March 31, 2019 is adjusted for reversals in variable considerations of Rs. 2,091 Lakhs (Previous year: Rs. 839 Lakhs).

(f) Also refer Note 9 for Trade receivables, Note 20 for Contract liabilities and Note 37 for Segment information.

Notes to consolidated Ind AS financial statements contd.

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

	March 31, 2019	March 31, 2018
22. OTHER INCOME		
Interest income on fixed deposits, deposits and advances	731	209
Net gain on sale of property, plant and equipment	28	—
Government grant*	—	55
Liabilities no longer required written back	348	381
Provision for impairment of trade receivables, no longer required written back	1,894	382
Provision for doubtful advances, no longer required written back	14	2
Other non-operating income	186	284
Total	**3,201**	1,313

*Relates to industrial promotion subsidy. There are no unfulfilled conditions or other contingencies attached to these grants.

23. COST OF MATERIALS CONSUMED

	March 31, 2019	March 31, 2018
Raw materials		
Inventories at the beginning of the year	20,178	16,925
Add: Purchases	1,12,737	98,653
Less: Inventories at the end of the year	26,412	20,178
Consumption	**1,06,503**	95,400
Packing materials and bottles		
Inventories at the beginning of the year	10,550	9,977
Add: Purchases	1,87,338	1,54,762
Less: Inventories at the end of the year	12,660	10,550
Consumption	**1,85,228**	1,54,189
Total	**2,91,731**	2,49,589

24. PURCHASES OF STOCK-IN-TRADE

	March 31, 2019	March 31, 2018
Beer	16,402	11,343
Non-alcoholic beverages	75	—
	16,477	11,343

25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	March 31, 2019	March 31, 2018
Inventories at the beginning of the year		
Finished goods	14,591	17,264
Work-in-progress	32,190	26,702
Stock-in-trade	6	480
	46,787	44,446
Less: Inventories at the end of the year		
Finished goods	26,044	14,591
Work-in-progress	34,916	32,190
Stock-in-trade	358	6
	61,318	46,787
Increase in inventories	**(14,531)**	(2,341)
Increase in excise duty on inventories	7,089	4,555
Total	**(7,442)**	2,214

	March 31, 2019	March 31, 2018
26. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus*	38,861	35,224
Gratuity expense [refer note (i) below]	788	740
Contribution to provident and other funds [refer note (ii) below]	1,973	1,800
Staff welfare expenses	3,221	2,158
Total	**44,843**	39,922

*Net of reversal of provision no longer required amounting to Rs. Nil Lakhs (Previous year : Rs. 632 Lakhs)

(i) The Group operates two defined benefit plans i.e., gratuity and provident fund for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The gratuity fund is managed by external agencies. 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 aforesaid funds has the form of a trust and is governed by the Board of Trustees who is responsible for the administration of the plan assets and for deciding the investment strategy. The following table summarises the components of net benefit expenses and the funded status for respective plans:

	Gratuity		Provident fund	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	9,351	8,333	12,467	10,632
Current service cost	744	700	2,068	1,758
Interest cost	661	551	1,028	936
Benefits paid	(832)	(683)	(2,149)	(879)
Liability transferred	(9)	—	—	—
Actuarial loss	329	450	60	20
Obligations at end of the year	**10,244**	9,351	**13,474**	12,467
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	8,258	7,431	12,570	10,756
Return on plan assets	617	511	1,035	945
Contributions during the year	1,002	1,018	2,060	1,752
Benefits paid	(832)	(683)	(2,149)	(879)
Actuarial gain/(loss)	36	(19)	—	(4)
Plan assets at end of the year	**9,081**	8,258	**13,516**	12,570
c) Benefit asset/(liability)				
Fair value of plan assets	9,081	8,258	13,516	12,570
Less: Present value of the defined benefit obligations	10,244	9,351	13,474	12,467
Benefit asset/(liability)	**(1,163)**	(1,093)	**42**	103

Notes to consolidated Ind AS financial statements contd.

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

	Gratuity		Provident fund	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
d) Cost charged to the consolidated statement of profit and loss under employee cost				
Current service cost	744	*700*	2,068	*1,758*
Interest cost	661	*551*	1,028	*936*
Return on plan assets	(617)	*(511)*	(1,035)	*(945)*
Net employee benefit expense*	**788**	*740*	**2,061**	*1,749*

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

	Gratuity		Provident fund	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
e) Re-measurement (gain)/loss recognised in other comprehensive income				
Actuarial (gain)/loss				
Change in financial assumption	197	*(316)*	—	—
Experience variance (actual vs assumption)	132	*766*	—	—
Return on plan assets (excluding amount recognised in net interest expense)	(36)	*19*	—	—
Net actuarial loss	**293**	*469*	**—**	—
f) Major category of plan assets included in percentage of fair value of plan assets				
Government securities	—	—	7,472	*6,303*
Corporate bonds	—	—	6,044	*6,267*
Fund balance with insurance companies	9,081	*8,258*	—	—
Total	**9,081**	*8,258*	**13,516**	*12,570*

	Gratuity		Provident fund	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
g) The principal assumptions used in determining gratuity and provident fund obligations for the Group plans are as shown below:				
Discount rate	7.10%	*7.40%*	7.10%	*7.40%*
Salary increase rate	10.00%-10.50%	*10.00%-10.50%*	10.00%-10.50%	*10.00%-10.50%*
Employee turnover	5.00%-15.00%	*5.00%-15.00%*	5.00%-15.00%	*5.00%-15.00%*

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall 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.

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

h) A quantitative sensitivity analysis for significant assumption is as below:

	March 31, 2019		March 31, 2018	
	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation (gratuity)				
Discount rate	(629)	713	(571)	646
Salary increase rate	699	(630)	636	(575)
Employee turnover	(118)	131	(97)	107

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period.

i) The following payments are expected contribution to the defined benefit plans in future years:

	Gratuity		Provident fund	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Within next 12 months	1,000	1,000	1,810	2,049
Between 2 to 5 years	4,795	4,935	5,354	4,890
Between 5 to 10 years	7,761	6,510	3,556	3,085
Total	**13,556**	12,445	**10,720**	10,024

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (Previous year: 6 years)

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

	March 31, 2019	March 31, 2018
Provident fund	1,357	1,224
Superannuation fund	565	508
Employees state insurance fund	51	68
Total	**1,973**	1,800

27. FINANCE COSTS

Interest expense	3,063	4,707
Other borrowing costs	57	58
Total	**3,120**	4,765

28. DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of property, plant and equipment	25,540	25,539
Amortisation of intangible assets	446	426
Total	**25,986**	25,965

Notes to consolidated Ind AS financial statements contd.

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

	March 31, 2019		March 31, 2018	
29. OTHER EXPENSES				
Consumption of stores and spares		13,302		10,763
Power and fuel		18,975		15,302
Rent		4,482		3,980
Repairs and maintenance				
Plant and machinery		4,929		3,968
Buildings		481		347
Others		1,498		1,259
Insurance		1,104		1,065
Rates and taxes		23,875		27,412
Auditor remuneration				
Statutory audit fee	143		143	
Limited review fee	27		27	
Tax audit fee	19		19	
Others	95	284	22	211
Sales promotion expenses [net of reversal of Rs. 3 Lakhs (Previous year : Rs. 53 Lakhs)]		34,911		31,086
Outward freight, halting and breakage expenses		39,310		33,860
Selling and distribution expense [net of reversal of Rs. 606 Lakhs (Previous year : Rs. 940 Lakhs)]		22,715		17,017
CSR expenditure (refer details below)		1,074		886
Bad debts/advances written off		338		1
Provision for impairment of trade receivables		392		3,349
Provision for doubtful advances		54		333
Net loss on sale of property, plant and equipment		—		60
Exchange differences (net)		91		100
Miscellaneous expenses		20,283		17,636
Total		**1,88,098**		1,68,635
Details of CSR expenditure				
Gross amount required to be spent by the group during the year		942		782
Amount spent during the year (other than on construction/ acquisition of any asset)		1,074		886
Amount yet to be spent/paid		—		—
Total		**1,074**		886

Notes to consolidated Ind AS financial statements contd.

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

	March 31, 2019	March 31, 2018
30. TAX EXPENSES		
Income tax related to items charged or credited to the consolidated statement of profit and loss during the year:		
Consolidated profit and loss section		
Current tax	32,261	24,110
Deferred tax charge/(credit)	(661)	(2,791)
Total	**31,600**	21,319
Other comprehensive income		
Deferred tax charge/(credit) on		
Re-measurement of defined benefit plan	(102)	(164)
Net movement in cash flow hedges	85	82
Total	**(17)**	(82)
Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:		
Accounting profit before income tax	87,931	60,782
Tax as per statutory income tax rate of 34.94% (Previous year: 34.61%)	30,723	21,037
Allowances/exemptions under Income tax	(316)	(229)
Non-deductible expenses for tax purposes		
CSR expenditure	375	307
Other non-deductable expenses	818	204
Income tax expense reported in consolidated statement of profit and loss account	**31,600**	21,319
Effective tax rate	**36%**	35%
31. NET MOVEMENT IN CASH FLOW HEDGES		
Fair value loss on cross currency interest rate swaps and forward contracts	18	261
Less: Reclassified to consolidated statement of profit and loss	243	25
	261	236
Deferred tax effect on above	(85)	(82)
Net movement in cash flow hedges	**176**	154
32. EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computation:		
Net profit attributable to equity shareholders	56,331	39,463
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)	**21.30**	14.93

Notes to consolidated Ind AS financial statements contd.

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

33. OPERATING LEASE

The Group has entered into operating lease arrangements for vehicles, computers, equipments, manufacturing facility, 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. 4,482 Lakhs (Previous year: Rs. 3,980 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2019	*March 31, 2018*
Within one year	385	*343*
After one year but not more than five years	164	*212*
Total	**549**	*555*

34. CAPITAL AND OTHER COMMITMENTS

	March 31, 2019	*March 31, 2018*
a) Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	9,836	*3,343*
b) Commitments under power purchase agreements	3,679	—
c) Other contractual commitments	2,474	*1,194*
Total	**15,989**	*4,537*

For commitments relating to lease arrangements, refer Note 33.

35. CONTINGENT LIABILITIES

	March 31, 2019	*March 31, 2018*
a) Claims against the Group not acknowledged as debts*		
Income tax	35,370	*32,600*
Service tax	22,947	*22,947*
Sales tax	18,472	*16,529*
Excise duty	12,397	*542*
Water charges	3,095	*3,157*
Employee state insurance/provident fund	84	*84*
Others	4,701	*4,890*
b) Other money for which the Group is contingently liable		
Bank guarantees	6,960	*5,373*
Letter of credit	3,471	*821*
Total	**1,07,497**	*86,943*

* The Group is contesting these demands and the management, based on advise of its advisors, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the consolidated Ind AS 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 consolidated financial position and results of operations. The Group does not expect any reimbursements in respect of the above contingent liabilities.

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

UNITED BREWERIES LIMITED

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

c) On October 10, 2018, certain officials from the Competition Commission of India ("CCI") had visited the Holding Company for their investigation in relation to allegations of price-fixation and performed search of the premises and conducted inquiries with certain officials of the Holding Company at its registered office. Pursuant to this, the Holding Company has made requisite filings and also certain officials of the Holding Company have appeared before the aforesaid authorities. The Holding Company has not received any demand order in respect of this matter and the investigation is ongoing, hence it is not practicable to state an estimate of its financial effect, if any. Management, along-with its legal advisors, are in the continuous process of evaluating this matter and believe that there are mitigating circumstances to counter presumptions made against the Holding Company by the CCI as contained in the Competition Act, 2002.

d) The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of Basic Salary for individuals below a prescribed salary threshold. The Group determined that they had not previously included such components in Basic Salary for such individuals. It is however unclear as to whether the clarified definition of Basic Salary would be applicable prospectively or retrospectively. The Group has made a provision on a prospective basis from the date of the Supreme Court order and is in the process of obtaining clarity on the judgment as well as determining the impact of any retrospective adjustment, if applicable.

	March 31, 2019	*March 31, 2018*
36. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	4,426	*481*
- Interest due on above	68	*5*
Total	**4,494**	*486*
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	539	*49*
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	807	*268*

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

Notes to consolidated Ind AS financial statements contd.

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

37. SEGMENT REPORTING

As per Ind AS 108, operating segment is a component of the Group that engages in business activities, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ('CODM') to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available. Accordingly, the Group has identified its operating segments, as below:

a) Beer - This segment includes manufacture, purchase and sale of beer including licensing of brands.

b) Non-alcoholic beverages - This segment includes manufacture, purchase and sale of non-alcoholic beverages.

The Group's CODM does not review assets and liabilities for each operating segment separately, hence segment disclosures relating to total assets and liabilities have not been furnished.

	March 31, 2019	March 31, 2018
Segment revenue		
Beer	14,13,174	*12,43,062*
Non-alcoholic beverages	808	—
Total revenue	**14,13,982**	*12,43,062*
Segment results		
Beer	1,06,597	*64,234*
Non-alcoholic beverages	(2,298)	—
Total segment results	**1,04,299**	*64,234*
Other income	3,201	*1,313*
Finance costs	(3,120)	*(4,765)*
Other unallocable expenses	(16,449)	—
Profit before tax	**87,931**	*60,782*
Information about geographical areas is as below:		
Revenue from external customers (including excise duty)		
India	13,89,314	*12,20,735*
Outside India	24,668	*22,327*
Total	**14,13,982**	*12,43,062*
The above information is based on the location of customers.		
Non-current operating assets		
India	1,94,285	*1,77,787*
Outside India	—	—
Total	**1,94,285**	*1,77,787*

Non-current assets for this purpose consists of property, plant and equipment, capital work-in-progress and intangible assets.

Revenue from customers individually contributing more than 10% of the Company's revenue aggregates to Rs. 463,065 Lakhs (Previous year: Rs. 259,068 Lakhs).

UNITED BREWERIES LIM

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

38. RELATED PARTY DISCLOSURES

A. Name of related parties and related party relationships

Related parties under Ind AS 24 with whom transactions have taken place during the year:

Associate	: Kingfisher East Bengal Football Team Private Limited ('KEBFTPL')
Enterprises having significant influence	: Scottish & Newcastle India Limited, UK ('SNIL') United Breweries (Holdings) Limited ('UBHL') (till March 8, 2019)*

*The Karnataka High Court has ordered winding up of UBHL on February 7, 2017.

Key management personnel (KMP)	: Mr. Shekhar Ramamurthy, Managing Director Mr. Steven Bosch, Director, CFO (till December 31, 2018) Mr. P A Poonacha, Senior Vice President - Finance & Accounts - CFO (effective January 1, 2019)
Enterprises over which investing parties or KMP have significant influence	: Heineken UK Limited ('HUL'), holding company of SNIL Heineken International B.V. ('HIBV') Heineken Brouwerijen B.V. ('HBBV') Heineken Supply Chain B.V. ('HSCBV') Heineken Asia Pacific Pte. Ltd. ('HAPPL') Heineken Ceska Republika ('HCR') Amstel Brouwerijen B.V. ('Amstel') Force India F1 Team Limited, UK ('Force India')
Employee benefits trusts	UBL Gratuity Fund Trust United Brewereies Limited Provident Fund Trust ("UBL Provident Fund Trust") United Brewereies Superannuation Fund ("UBL Superannuation Fund")

Additional related parties as per the Companies Act, 2013 with whom transactions have taken place during the year:

Directors	: Dr. Vijay Mallya** Mr. A K Ravi Nedungadi Mr. Sijbe Hiemstra (till November 8, 2017) Mr. Frans Erik Eusman (till November 14, 2018) Mr. Stephan Gerlich Mrs. Kiran Majumdar Shaw Mr. Madhav Bhatkuly Mr. Chugh Yoginder Pal Mr. Chhaganlal Jain Mr. Sunil Alagh Mr. Christiaan August J Van Steenbergen (effective November 8, 2017) Mr. Rudolf Gijsbert Servaas Van Den Brink (effective November 14, 2018)

**The Securities and Exchange Board of India vide its order dated January 25, 2017 restrained Dr. Vijay Mallya from holding position as Director or Key Managerial Person of any listed company. Pursuant to the decision of the Board at its meeting held on July 4, 2017, the Holding Company had communicated on July 6, 2017 to Dr. Mallya and his associate companies (promoters of the Company) to nominate a director on the Board in his place in terms of the Articles of Association of the Holding Company. Further, pursuant to the decision of the Board at its meeting held on August 10, 2017, the Holding Company carried out necessary filings with the Registrar of Companies, Karnataka (ROC) and Stock Exchanges notifying Dr. Mallya's cessation from holding the position of director in the Holding Company. The applicable form relating to cessation of directorship has since been approved by the ROC.

Director of subsidiary	: Ms. Kanta Labroo
Key management personnel (KMP):	: Mr. Govind Iyengar, Senior Vice President - Legal and Company Secretary
Relative of director or KMP	: Mr. Umesh Hingorani (till August 10, 2017)
Body corporate/Private companies whose Board of directors is accustomed to act in accordance with advise, directions or instructions of a directors/members (included in 'Others' below)	: United Breweries International (UK) Limited, UK ('UBIUK') H. Parson Private Limited ('HPPL') Blitz Publications Private Limited ('BPPL') North West Distilleries Private Limited ('NWDPL') Kingfisher Beer Europe Limited ('KBE')

Notes to consolidated Ind AS financial statements contd.

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

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

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
a) Transactions during the year										
Sale of products										
HPPL	–	–	–	–	–	–	–	–	5,380	11,719
	–	–	**–**	–	**–**	–	**–**	–	**5,380**	11,719
Royalty income										
KBE	–	–	–	–	–	–	–	–	44	–
UBIUK	–	–	–	–	–	–	–	–	11	21
HPPL	–	–	–	–	–	–	–	–	2	2
	–	–	**–**	–	**–**	–	**–**	–	**57**	23
Purchase of materials										
HSCBV	–	–	–	–	–	–	12	8	–	–
HAPPL	–	–	–	–	–	–	110	80	–	–
	–	–	**–**	–	**–**	–	**122**	88	**–**	–
Sales promotion expenses										
KEBFTPL	58	429	–	–	–	–	–	–	–	–
Force India	–	–	–	–	–	–	–	2,334	–	–
HPPL	–	–	–	–	–	–	–	–	122	252
	58	429	**–**	–	**–**	–	**–**	2,334	**122**	252
Rent expense										
UBHL	–	–	144	84	–	–	–	–	–	–
BPPL	–	–	–	–	–	–	–	–	–	11
	–	–	**144**	84	**–**	–	**–**	–	**–**	11
Technical service fees										
HIBV	–	–	–	–	–	–	600	600	–	–
	–	–	**–**	–	**–**	–	**600**	600	**–**	–
Royalty paid										
Amstel	–	–	–	–	–	–	64	–	–	–
HBBV	–	–	–	–	–	–	604	503	–	–
	–	–	**–**	–	**–**	–	**668**	503	**–**	–

Notes to consolidated Ind AS financial statements contd.

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

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
Consultancy fees paid										
HSCBV	–	–	–	–	–	–	89	*72*	–	–
HIBV	–	–	–	–	–	–	–	*12*	–	–
HBBV	–	–	–	–	–	–	–	*2*	–	–
	–	–	**–**	–	**–**	–	**89**	*86*	**–**	–
Reimbursements paid										
HIBV	–	–	–	–	–	–	216	*327*	–	–
HCR	–	–	–	–	–	–	–	*5*	–	–
HPPL	–	–	–	–	–	–	–	–	79	*80*
	–	–	**–**	–	**–**	–	**216**	*332*	**79**	*80*
Rent received										
KEBFTPL	–	*1*	–	–	–	–	–	–	–	–
	–	*1*	**–**	–	**–**	–	**–**	–	**–**	–
Remuneration paid [Refer (a) below]										
Mr. Shekhar Ramamurthy	–	–	–	–	1,247	*841*	–	–	–	–
Mr. Steven Bosch	–	–	–	–	354	*340*	–	–	–	–
Mr. P A Poonacha	–	–	–	–	30	–	–	–	–	–
Mr. Govind Iyenger	–	–	–	–	227	*161*	–	–	–	–
Mr. Umesh Hingorani	–	–	–	–	–	*94*	–	–	–	–
Ms. Kanta Labroo	–	–	–	–	23	*21*	–	–	–	–
	–	–	**–**	–	**1,881**	*1,457*	**–**	–	**–**	–
Sitting fee paid										
Mr. A K Ravi Nedungadi	–	–	–	–	18	*13*	–	–	–	–
Mr. Sijbe Hiemstra	–	–	–	–	–	*3*	–	–	–	–
Mr. Frans Erik Eusman	–	–	–	–	3	*8*	–	–	–	–
Mr. Stephan Gerlich	–	–	–	–	6	*6*	–	–	–	–
Mrs. Kiran Majumdar Shaw	–	–	–	–	8	*7*	–	–	–	–
Mr. Madhav Bhatkuly	–	–	–	–	24	*6*	–	–	–	–
Mr. Chugh Yoginder Pal	–	–	–	–	32	*14*	–	–	–	–
Mr. Chhaganlal Jain	–	–	–	–	27	*20*	–	–	–	–
Mr. Sunil Alagh	–	–	–	–	21	*16*	–	–	–	–

Notes to consolidated Ind AS financial statements contd.

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

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
Mr. Christiaan August J Van Steenbergen	–	–	–	–	21	*1*	–	–	–	–
Mr. Rudolf Gijsbert Servaas Van Den Brink	–	–	–	–	2	–	–	–	–	–
	–	–	–	–	**162**	*94*	–	–	–	–
Director Commission paid										
Mr. A K Ravi Nedungadi	–	–	–	–	109	*75*	–	–	–	–
Mr. Stephan Gerlich	–	–	–	–	109	*75*	–	–	–	–
Mrs. Kiran Majumdar Shaw	–	–	–	–	109	*75*	–	–	–	–
Mr. Madhav Bhatkuly	–	–	–	–	109	*75*	–	–	–	–
Mr. Chugh Yoginder Pal	–	–	–	–	109	*75*	–	–	–	–
Mr. Chhaganlal Jain	–	–	–	–	109	*75*	–	–	–	–
Mr. Sunil Alagh	–	–	–	–	109	*75*	–	–	–	–
	–	–	–	–	**763**	*525*	–	–	–	–
Dividend accrued/paid on equity shares										
SNIL	–	–	1,800	*1,035*	–	–	–	–	–	–
UBHL [Refer (b) below]	–	–	148	*326*	–	–	–	–		
Dr. Vijay Mallya (including joint holdings) [Refer (b) below]	–	–	–	–	427	*245*	–	–	–	–
HUL	–	–	–	–	–	–	170	*98*	–	–
HIBV	–	–	–	–	–	–	343	*197*	–	–
	–	–	**1,948**	*1,361*	**427**	*245*	**513**	*295*	–	–
Contributions made										
UBL Gratuity Fund Trust	–	–	–	–	–	–	–	–	1,002	*1,018*
UBL Provident Fund Trust	–	–	–	–	–	–	–	–	2,060	*1,752*
UBL Superannuation Fund	–	–	–	–	–	–	–	–	565	*508*
	–	–	–	–	–	–	–	–	**3,627**	*3,278*

	March 31, 2019	March 31, 2018
Compensation of key management personnel [Refer (a) below]		
Short-term employee benefits	1,881	1,457
Post-employment gratuity and medical benefits	–	–
Termination benefits	–	–
Share-based payment transactions	–	–
Total compensation paid to key management personnel	**1,881**	1,457

Notes to consolidated Ind AS financial statements contd.

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

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2019	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*	**March 31, 2019**	*March 31, 2018*
b) Balances outstanding as at year end										
Investment in equity shares										
KEBFTPL	1	*1*	–	–	–	–	–	–	–	–
	1	*1*	**–**	–	**–**	–	**–**	–	**–**	–
Trade receivables (gross)										
HPPL	–	–	–	–	–	–	–	–	5	*177*
UBIUK	–	–	–	–	–	–	–	–	–	*33*
KBE	–	–	–	–	–	–	–	–	16	–
	–	–	**–**	–	**–**	–	**–**	–	**21**	*210*
Security deposits										
UBHL	–	–	65	*65*	–	–	–	–	–	–
	–	–	**65**	*65*	**–**	–	**–**	–	**–**	–
Trade payables										
KEBFTPL	–	*29*	–	–	–	–	–	–	–	–
UBHL	–	–	211	*306*	–	–	–	–	–	–
HIBV	–	–	–	–	–	–	522	*521*	–	–
HBBV	–	–	–	–	–	–	141	*114*	–	–
HSCBV	–	–	–	–	–	–	27	*36*	–	–
Amstel	–	–	–	–	–	–	15	–	–	–
HAPPL	–	–	–	–	–	–	88	–	–	–
HPPL	–	–	–	–	–	–	–	–	13	–
	–	*29*	**211**	*306*	**–**	–	**793**	*671*	**13**	–

(a) The remuneration to key managerial personnel and relatives includes reimbursements and excludes the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the Group companies as a whole.

(b) The Holding Company had received an order dated September 30, 2015 from the Debt Recovery Tribunal, Karnataka, Bangalore (DRT) whereby the Holding Company has been directed not to pay/release amounts that may be payable with respect to shares in the Holding Company held by an erstwhile director (including his joint holdings) and United Breweries (Holdings) Limited, without its prior permission. Accordingly, the Holding Company has withheld payment of Rs. 918 Lakhs (net of payment of Rs.784 Lakhs to the official liquidator of United Breweries (Holdings) Limited) relating to dividend on aforesaid shares. The Holding Company would also withhold payment of proposed dividend for the year ended March 31, 2019 on aforesaid shares, which is subject to approval by the shareholders in the ensuing annual general meeting.

Further the Holding company had received various orders from tax and provident fund authorities prohibiting the Holding company from making any payments to erstwhile director of the Holding company. The Holding Company has accordingly withheld payment of Rs. 45 Lakhs (net of TDS) relating to director commission and sitting fees payable to the aforesaid erstwhile director.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those prevailing in arm's length transaction. The outstanding receivables/payables balances are generally unsecured and interest free. There have been no guarantees provided or received for any related party receivable/payable.

Notes to consolidated Ind AS financial statements contd.

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

39. SUMMARY OF NET ASSETS, SHARE IN CONSOLIDATED PROFIT AND SHARE IN OTHER COMPREHENSIVE INCOME

March 31, 2019

	Net assets i.e. total assets minus total liabilities		Share in consolidated profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net profit	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
United Breweries Limited, Parent	99.70%	3,17,755	101.61%	57,238	100.00%	(15)	101.61%	57,223
Maltex Malsters Limited, Indian subsidiary	0.20%	622	-1.68%	(944)	—	—	-1.68%	(944)
Non-controlling interest in subsidiary	0.10%	304	0.07%	37	—	—	0.07%	37
Total	**100.00%**	**3,18,681**	**100.00%**	**56,331**	**100.00%**	**(15)**	**100.00%**	**56,316**
March 31, 2018								
United Breweries Limited, Parent	99.66%	2,68,404	102.06%	40,274	100.00%	(151)	102.06%	40,123
Maltex Malsters Limited, Indian subsidiary	0.23%	622	-2.16%	(854)	—	—	-2.17%	(854)
Non-controlling interest in subsidiary	0.11%	294	0.11%	43	—	—	0.11%	43
Total	**100.00%**	**2,69,320**	**100.00%**	**39,463**	**100.00%**	**(151)**	**100.00%**	**39,312**

40. FINANCIAL INSTRUMENTS FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the consolidated Ind AS financial statements are categorised within the fair value hierarchy, as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value measurement hierarchy of the Group's assets and liabilities is as below:

	Carrying amount	Fair values		
		Level 1	Level 2	Level 3
As at March 31, 2019				
Financial assets measured at fair value				
Cross currency interest rate swap	—	—	—	—
As at March 31, 2018				
Financial assets measured at fair value				
Cross currency interest rate swap	968	968	—	—

There has been no transfers between levels during the year.

The fair values of Cross currency interest rate swap are derived from quoted market prices in active markets.

The goodwill of Rs. 2,421 Lakhs (March 31, 2018: Rs. 2,421 Lakhs) relates to that arisen on consolidation of subsidiary and the same is net of impairment loss of Rs. 1,959 Lakhs (March 31, 2018: Rs. 1,959 Lakhs). The fair values for the purpose of quantification of impairment loss have been estimated by an independent expert. The impairment loss has arisen due to continued delay in obtaining necessary approvals to expand malting facility at the subsidiary, leading to losses due to high overhead costs incurred on operating at its current level of capacity. In view of management, no further provision for impairment is considered necessary as at March 31, 2019.

The management assessed that the carrying values of investments, trade and other receivables, cash and short term deposits, other assets, borrowings, trade and other payables and balances with related parties, based on their notional amounts, reasonably approximate their fair values because these instruments have short-term maturities and are re-priced frequently.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, trade and other receivables, cash and cash equivalents, bank balances, security deposits and derivatives that are out of regular business operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group.

The risk management committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, derivatives financial instruments, trade payables.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	March 31, 2019		*March 31, 2018*	
	1% increase	**1% decrease**	*1% increase*	*1% decrease*
Impact on consolidated profit before tax	(211)	211	*(258)*	*258*

Notes to consolidated Ind AS financial statements contd.

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

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency borrowing, trade payables and trade receivables. The Group has hedged exposure to fluctuations in foreign exchange rates for all of its foreign currency borrowings with cross currency swaps, therefore the changes in the currency rates for borrowings will not have impact on future cash flows.

The summary of derivative instruments and unhedged foreign currency exposure is as below:

Derivatives outstanding as at the reporting date:

Type	Purpose	**March 31, 2019**		*March 31, 2018*	
		USD (in millions)	Rs. in Lakhs	*USD (in millions)*	*Rs. in Lakhs*
Cross currency swaps*	Hedge of foreign currency loans- Principal and interest	—	—	*8.33*	*5,428*
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	—	—	*8.33*	*5,428*

*Amount disclosed represents the underlying principal amount of loan.

Un-hedged foreign currency exposure (gross amounts before party-wise set-off of advance and payable balances) as at the reporting date:

	As at March 31, 2019	*As at March 31, 2018*
Trade receivables	3,567	*1,878*
Advances to suppliers	2,168	*6,112*
Balance in exchange earners foreign currency bank accounts	1,251	*41*
Capital advances	247	*47*
Trade payables	3,822	*1,892*
Liability for capital goods	436	*400*

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant and after the impact of hedge accounting.

	March 31, 2019		*March 31, 2018*	
	1% increase	**1% decrease**	*1% increase*	*1% decrease*
Impact on consolidated profit before tax	30	(30)	*58*	*(58)*

iii. Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of Beer and therefore require a continuous supply of Barley. The Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

The following table shows the effect of price changes in Barley:

	March 31, 2019		*March 31, 2018*	
	1% increase	**1% decrease**	*1% increase*	*1% decrease*
Impact on consolidated profit before tax	(311)	311	*(239)*	*239*

UNITED BREWERIES LIMITED

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

b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Group's exposure to credit risk arises majorly from trade and other receivables. Other financial assets like security deposits and bank deposits are mostly with government authorities and nationalised banks and hence, the Group does not expect any credit risk with respect to these financial assets. With respect to trade receivables, significant portion includes dues from state government corporations, hence probability of default is remote. The Group has constituted regional and corporate credit committees to review trade receivables on periodic basis and to take necessary mitigations, wherever required.

The Group creates provision for all unsecured trade receivables based on lifetime expected credit loss. The summary of changes in provision for impairment of trade receivables is as below:

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	6,906	3,939
Provision recognised/(reversed) during the year, net	(1,502)	2,967
Balance at the end of the year	**5,404**	6,906

c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The table below summarises the maturity profile of the Group's financial liabilities:

	Maturities			Total
	Upto 1 year	1-2 years	2-3 years	
March 31, 2019				
Non-current borrowings	—	7,543	—	7,543
Current borrowings	600	—	—	600
Trade payables	59,022	—	—	59,022
Other financial liabilities	70,079	955	—	71,034
Total	**1,29,701**	**8,498**	**—**	**1,38,199**
March 31, 2018				
Non-current borrowings	—	13,000	7,500	20,500
Current borrowings	5,278	—	—	5,278
Trade payables	52,172	—	—	52,172
Other financial liabilities	54,879	606	301	55,786
Total	**1,12,329**	**13,606**	**7,801**	**1,33,736**

Notes to consolidated Ind AS financial statements contd.

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

42. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and capital ratios in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, all non-current and current borrowings reduced by cash and cash equivalents and other bank balances.

	Notes	As at March 31, 2019	As at March 31, 2018
Non-current borrowings	14	7,543	20,500
Current maturities of non-current borrowings	15	13,006	5,428
Current borrowings	18	600	5,278
Less: Cash and cash equivalents (excluding upaid dividend accounts)	10	1,920	246
Less: Other bank balances	11	607	889
Net debt		**18,622**	30,071
Equity share capital	12	2,644	2,644
Other equity	13	3,15,733	2,66,382
Total capital		**3,18,377**	2,69,026
Gearing ratio		**6%**	11%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

43. During the year, the Holding Company had received e-mails / letter whereby allegations were raised against an employee of the Holding Company relating to his involvement in certain irregularities in the procurement of packing materials from certain select vendors. Based on an initial inquiry on this matter, the service of the said employee was terminated. The Holding Company is conducting a detailed investigation on this matter which is currently in progress. Management is of the view that although the actual financial impact, if any, which may arise from this matter can be ascertained only after completion of the investigation, the amount involved is not expected to be material, considering the profitability of the Holding Company.

44. The Bihar State Government ("the Government") vide its notification dated April 5, 2016 had imposed ban on trade and consumption of foreign liquor in the State of Bihar. The Holding Company had filed a writ petition with the High Court at Patna, requesting remedies and compensation for losses incurred on account of such abrupt notification, against which the Government preferred a special leave petition before the Supreme Court of India. Further, the Government did not renew brewery licenses for the financial year 2017-18 onwards and consequently the Holding Company discontinued production of beer at Bihar and all its inventories lying with Bihar State Beverages Corporation Limited (BSBCL) were drained / destroyed. The matter is currently pending before the Supreme Court for final conclusion.

The financial impact on current assets arising from aforesaid matter was fully provided for. Also, during the year, the Holding Company has commenced manufacture of non-alcoholic beverages at its existing manufacturing facility at Bihar using its existing property, plant and equipment at Bihar with carrying value of Rs. 19,633 Lakhs (March 31, 2018: Rs. 21,232 Lakhs) as at March 31, 2019. Management believes that the carrying amount of these property, plant and equipment do not exceed their recoverable amount and accordingly no provision has been considered necessary by the management in this regard.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 20, 2019

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Chugh Yoginder Pal
Director
DIN: 00106536

P A Poonacha
Senior Vice President –
Finance & Accounts - CFO

Govind Iyengar
Senior Vice President –
Legal and Company Secretary

Place: Bengaluru
Date: May 20, 2019

Annexures

ANNEXURE - A: BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

Section A: General Information about the Company

1. **Corporate Identity Number (CIN)** : L36999KA1999PLC025195
2. **Name of the Company** : United Breweries Limited
3. **Registered Address** : "UB Tower", UB City, #24, Vittal Mallya Road, Bengaluru - 560 001.
4. **Website** : www.unitedbreweries.com
5. **Email id** : ublinvestor@ubmail.com
6. **Financial Year reported** : April 1, 2018 – March 31, 2019 (or "FY19")
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 and also manufacture and supply of non-alcoholic beverages.

   Manufacture of Beer
   - National Industrial Classification : Class – 11031
   - Indian Trade Classification : Code – 22030000

   Manufacture of Non-alcoholic beverages
   - National Industrial Classification : Class – 11049
   - Indian Trade Classification : Code – 22029100

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

   UBL is engaged in manufacture and sale of beer, licensing of brands for beer and packaged drinking water and also manufactures and supplies non-alcoholic beverages.

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 4 International locations viz., United Kingdom, Australia, New Zealand and Nepal.

   ii. **Number of National Locations** : The Company operates through 21 owned manufacturing units and 10 contract manufacturing units. Business activities are also carried out from Registered cum Corporate Office at Bengaluru and from Regional Sales Offices located at various places in India.

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

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

Section B: Financial Details of the Company

1. **Paid-up capital (INR)** : 264.41 million
2. **Total turnover (INR)** : 1,41,368 million
3. **Total profit after taxes (INR)** : 5,628 million
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

   UBL spent Rs.107.40 Million on CSR activities during the FY19, which constitutes 1.90% of its profit after tax (PAT).
5. **List of activities in which expenditure in 4 above has been incurred:**

   The major areas in which the above expenditure has been incurred inter-alia includes Primary Health, Primary Education, Water Conservation & Providing Safe Drinking Water and Conducting Workshop on Responsible Consumption of Alcohol for truck drivers.

Section C: Other Details

1. **Does the Company have any Subsidiary Company / Companies?**

   The Company has one (1) Subsidiary company, viz. Maltex Malsters Limited.
2. **Do the Subsidiary Company / Companies participate in the Business Responsibility Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).**

   UBL encourages its Subsidiary Company viz., Maltex Malsters Limited, to adopt its policies and practices and actively participates in the initiatives of the Company.
3. **Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the Business Responsibility initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]**

   About 30%, of the transporters of the Company have been engaged through "Don't Drink and Drive" workshop for truck drivers at its breweries. The suppliers, distributors or any other entities do not participate in the Business Responsibility initiatives of the Company.

Section D: Business Responsibility Information

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

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

Name	DIN Number	Designation
Mr. Shekhar Ramamurthy	00504801	Managing Director

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

Sl. No.	Particulars	Details
1.	DIN Number	00504801
2.	Name	Mr. Shekhar Ramamurthy
3.	Designation	Managing Director
4.	Telephone Number	080-4565 5002
5.	E-mail ID	shr@ubmail.com

2. Principle-wise (as per NVGs) Business Responsibility Policy / policies:

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs are as under:

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

(a) Details of Compliance (Reply in Y/N)

Sl. No.	Questions	Business Ethics	Product Sustainability	Employees' Wellbeing	Stakeholders' Interest	Human Rights	Environment Protection	Policy Advocacy	Inclusive Growth	Customer Relations
		P1	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1.	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has framed various policies which inter-alia cover all the aspects of NVGs in one section or another.								
2.	Has the policy been formulated in consultation with the relevant Stakeholders?	Policies have been formulated keeping in view the interest of all Stakeholders though a few Stakeholders may have not been directly involved in Policy formulation.								
3.	Does the policy conform to any national/ international standards? If yes, specify?	Yes. Policies confirm to all the applicable laws and National and International Standards in letter and spirit. Certain breweries of the Company are in conformance of international standards and have been accredited with various certifications like ISO 9001:2008 (Quality Management System); ISO 14001:2004 (Environmental Management System); ISO 22000:2005 (Food Safety Management System); OHSAS 18001:2007 (Occupational Health Safety Assessment System). The brands of the Company have been bestowed with various quality awards.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board of Directors?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Yes. All the policies are approved by the Board. The MD/CEO and/or the Company Secretary authenticates the policies approved by the Board.								
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the Implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Board has framed various Committees whose role includes formulation and implementation of policies within their terms of reference. Certain Internal Committees are also in place to look after the respective responsibility area.								

6.	Indicate the link for the policy to be viewed online?	Policies covering certain Stakeholders can be viewed on Company's Website www.unitedbreweries.com/investors. Other internal policies are restricted and can be viewed by employees only on Company's Intranet portal https://sampark.ublnet.in/Pages/HRPolicies.								
7.	Has the policy been formally communicated to all relevant internal and external Stakeholders?	Policies have been communicated to key internal Stakeholders of the Company. It is an on-going process whereby the Stakeholders are informed about the Company's policies.								
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the Policy / policies?	Yes. The Company has formed Internal Committees' viz., Whistle Blower Management Committee (WBMC), Internal Complaints Committee etc. to address stakeholders' grievances within their terms of reference. Also the Stakeholders Relationship Committee of the Board addresses shareholders' grievances.								
10.	Has the Company carried out Independent audit/evaluation of the working of this policy by an internal or external agency?	Yes. Policies are reviewed from time to time by the Management, Internal and External Auditors as well as consultants in respective areas. Whistle Blowing portal is managed by an external agency.								

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

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

3. Governance related to Business Responsibility:

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

The Board of Directors of UBL assess various initiatives forming part of the Business Responsibility performance of the Company bi-annually. The CSR head and the MD meet regularly to oversee implementation of CSR projects/ programmes/activities to be undertaken by the Company. The CSR Committee of the Board of Directors of the Company meets bi-annually to oversee the functioning of CSR activities and implementation of projects. Also, the Risk Management Committee meets twice a year to oversee the business responsibility and risks associated with the operations.

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

UBL publishes its Business Responsibility/CSR activities/performance in its quarterly in-house magazine/ periodicals viz., 'Beer Update' and also publishes the same on the internal portal of the Company viz., https://sampark.ublnet.in/. CSR activities undertaken by UBL are also published in the official website of the Company viz., www.unitedbreweries.com. Details of the CSR initiatives undertaken by UBL in FY19 are provided in **Annexure-B** to the Directors' Report forming part of this Annual Report. Internal periodicals are available on the Intranet portal. UBL in the process of rolling out its first Sustainability Report in the current financial year which will be posted on the website of the Company.

Section E: Principle-wise performance

Principle 1:

Business should conduct and govern themselves with Ethics, Transparency and Accountability.

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

   Yes. The Company has a Code of Business conduct and Ethics (the Code) approved by the Board of Directors. The policy is applicable to all Board Members and employees of the Company and affirmation on compliance of the Code/Policy is taken from them. The Code also provides for obligations of the employees with respect to non-disclosure of confidential information, accounting and payment practices, accurate financial disclosures, etc. The Code is available on the Company's website. The Code would extend to other Stakeholders shortly and in our engagement checkpoints with our supplier consider adherence to ethical practices. Adequate measures have been taken to educate employees and suppliers on the Company's expectations on ethical conduct. Further, policy for avoidance of interest and prohibition of insider trading have been articulated and adopted to ensure transparency through timely and adequate disclosures.

   The Company has also adopted a Gifts & Entertainment Policy which provides guidelines for dealing with gifts or entertainment. All employees and Directors of the Company are covered under the Policy and it also extends to other stakeholders viz., vendors, contractors, suppliers, etc.

   The Company also has a Whistle Blower Policy to promote responsible and secure whistleblowing at workplace. It aims to protect employees who raise any concern about any misconduct or potential violations of the Code of Conduct within the Company.

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

   In the FY19, sixteen (16) Investors' complaints and 804 consumer complaints were received which have been resolved satisfactorily. Details of consumer complaints are given in reply to Principle 9 of this report.

Principle 2:

Businesses should provide goods and services that are safe and contribute sustainability throughout their life cycle.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   Not Applicable.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   i. **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain.**

      Not Applicable.

   ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

      Not Applicable.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

   Yes. Sustainability is deeply ingrained in ethos of your Company and it has always been the endeavour to develop and deliver good quality products that are inherently safe to consume and have minimal impact on the environment. UBL believes in not just undertaking usage of materials that reduce the carbon footprint and are through an sustainable mechanism, but also has long-term engagement with its suppliers that commit to social responsibility and international standards. The Company has procedures and policy in place for selecting vendors who supply in a sustainable manner. The entire source of thermal energy of all breweries is from agri-waste and the primary packaging of its products, both glass bottles and aluminium cans are recyclable. Primary packaging constitutes almost 60% of all input cost and power and fuel constitutes about 6% of cost.

Your Company has strategically designed its distribution network in order to serve its customers in the least possible time and minimize transportation cost. Your Company sources majority of its transport requirements from local vendors at all locations. These initiatives on one hand benefits in terms of time and cost of transportation and on the other hand contributes towards environment protection through reduction in fuel consumption and resultant carbon emission. Supplier and transporter meets are held on a periodical basis where UBL's management engages and encourages them to undertake sustainable practices across supply chain.

4. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

   Towards its endeavour of inclusive growth, the Company procures goods and services like miscellaneous engineering spares, lubricants, packaging materials, transportation, housekeeping, contract labours and the like from communities located in the vicinity of the breweries of the Company. Suppliers are key partners in developing responsible sourced supply chains of Raw Materials. Various steps have been taken for creating awareness and to ensure timely and regular supply of quality materials and services.

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   Yes. Measures for Waste minimization are undertaken by UBL at all its Breweries. The Company follows 3R's principles i.e. 'Reduce', 'Recycle' and 'Recover' to be environmentally sustainable. UBL is committed to adopt best-in-class practices to reduce wastages during conversion of raw materials to finished goods. Waste generated during the operations is disposed/recycled in compliance with the applicable environmental laws. Trade effluent is treated in compliance with the applicable environmental laws and is recycled back into ancillary applications or discharged within the brewery for landscaping/gardening/ horticulture-development purposes to reduce the fresh water consumption. The Company's breweries recycle around 11% of the treated waste water into the ancillary applications.

   The Company reuses patented glass bottles for bottling Beer. About 70% of the bottles are reused thereby protecting environment. Broken glass cullet are sent back to glass manufacturers. All the aluminium cans used for beer, are recycled by srcap dealers directly back into Aluminium manufacturing companies. Paper scrap largely find its way to the paper mills.

   "Spent Yeast", a process waste, is treated, dried and sold as poultry feed. Spent grain from the brewing process is used as cattle feed. Your Company is constantly working towards adopting the best standards in environment. All of UBL's breweries comply with all environment norms.

Principle 3:

Businesses should promote the wellbeing of all employees.

1. **Please indicate the Total number of employees:**
   The total number of permanent employees as on March 31, 2019 (excluding temporary/contractual/casual basis) is 3042.

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, 2019 is 5708.

3. **Please indicate the Number of permanent women employees:**
   As on March 31, 2018, there were 129 permanent women employees.

4. **Please indicate the Number of permanent employees with disabilities:**
   The number of permanent employees with disabilities as on March 31, 2019 is 24.

5. **Do you have an employee association that is recognized by Management?**
   There are various workers' union/association in the breweries which are affiliated with recognised Trade Unions. 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 90% (total unionised permanent workmen/total permanent employees including workmen) of the total 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 has a policy for Prevention of Sexual Harassment which applies to all the employees at all its establishments. It ensures prevention and deterrence towards the commissioning of acts of sexual harassment and communicates procedures for their resolution, settlement or prosecution. Internal Complaint committees have been constituted at various locations in accordance with the requirements under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which ensures implementation and compliance with the Law as well as the policy at workplace.

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

Sl. No.	Category	Safety	Skill up-gradation
1.	Permanent Employees	100%	100%
2.	Permanent Women Employees	100%	100%
3.	Casual/Temporary/Contractual Employees	100%	100%
4.	Employees with Disabilities	100%	100%

Principle 4:

Business should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the Company mapped its internal and external stakeholders? Yes/No**
Yes, as a result of regular and extensive stakeholder engagement over many years, the Company's business operations have evolved, balancing business priorities and responsibility towards economic, environmental and social sustainability. The Company builds thrust through productive relationships, fosters working partnerships and considers stakeholders both internal and external as integral to its business.

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 include generation of employment for differently-abled people in local communities at its various Unit locations (breweries). All the CSR activities including Primary Health, Primary Education, Water Conservation & Safe Drinking Water and Don't Drink and Drive workshops for truck drivers are directed at the disadvantaged, vulnerable and marginalised communities. Safety training programs which are conducted for employees and workmen are also extended to contractual employees.

Principle 5:

Business should respect and promote human rights.

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

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

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

   Other than those mentioned in reply to Principle 1 and Principle 9 of this Report, no complaints were received during the FY19.

Principle 6:

Business should respect, protect, and make efforts to restore the environment.

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

   The Environment, Health and Safety (EHS) Policy of the Company is focused on nurturing and safeguarding the environment for sustainable business. Employees and other stakeholder groups such as contractors, suppliers and customers are engaged for their shared responsibilities towards environment protection. UBL gives high importance to compliance of environment laws of the country.

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

   As a part of its initiative towards carbon footprint reduction, UBL has been focusing continuously on alternate methods for reducing energy consumption and protecting environment. UBL has taken two significant measures to reduce carbon footprint and global warming. Its entire steam requirement is sourced from agri-waste fuels by replacing coal/furnace oil. UBL has implemented energy generation through renewable energy sources viz., solar energy at 11 of its breweries; wind energy at 5 of its breweries and shall implement in all breweries in a phased manner. These steps contribute towards reduction in Global warming by way of reduction in equivalent carbon-di-oxide emissions. UBL uses recycled bottles for bottling of beer thereby protecting environment, reducing the carbon footprint in glass manufacture.

3. **Does the Company identify and assess potential environmental risk? Yes/No**

   Yes. The Company has a mechanism to identify and assess potential environmental risks. Every brewery conducts impact study of various activities and identifies controllable/uncontrollable and normal/abnormal/emergency scenarios of the operations. Any deviations from laid-down policy and procedure are addressed by effective corrective action.

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

   No.

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

   The Company has undertaken several initiatives on energy efficiency and renewable energy. All breweries use agro-waste fuel in boilers which is energy efficient. Solar/wind energy is also being used in several breweries. Details of measures taken in conservation of energy are mentioned in **Annexure-D** to the Directors' Report forming part of the Annual Report. Baseline study conducted for thermal energy consumption across all the breweries and the baseline study carried out for power consumption at Aurangabad brewery resulted in several initiatives getting horizontally replicated across all the breweries.

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

   Yes. The emissions/waste generated at all the breweries are within the permissible limits prescribed by Central Pollution Control Board/State Pollution Control Board (CPCB/SPCB) during FY19. Abnormalities were regulated to be within limits when noticed.

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

   There are no show causes/legal notices received from CPCB/SPCB which are pending to be resolved as of end of FY19.

Principle 7:

Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

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

   Yes. UBL is a member of All India Brewers' Association (AIBA) which voices concerns of the beer industry with the Government, media and other sectors of society. It is also a member of Federation of Karnataka Chambers of Commerce & Industry, Bengaluru.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Polices, Energy Security, Water, Food Security, Sustainable Business Principles, Others).**

   Yes. The Company engages with government, regulatory authorities and relevant public bodies for the development of public policies in keeping with the Company's work in Society, sustainability and compliance commitments. These includes Food Regulations, Environment, among others. The All India Brewers' Association (AIBA) plays an important role in representing the beer industry for various policy advocacy in consultation with the trade and industry chambers and other Government departments while framing guidelines, rules etc.

   The Company has adopted a policy on consumption of Alcoholic Beverages which advocates responsible use of alcoholic beverages. The Policy also articulates Company's views on usage of alcoholic beverages and express its intolerance to alcohol abuse which may cause an unfavourable environment to the organization.

Principle 8:

Business should support inclusive growth and equitable development.

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   The Company has implemented programmes on its CSR initiatives focussing largely on Primary Health, Primary Education, Water Conservation & Providing Safe Drinking Water and Don't Drink and Drive workshop for its truck drivers under its Responsible Consumption of Alcohol programme. Brief particulars of the CSR initiatives undertaken by UBL in FY19 are provided in the main section of this Annual Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/ government structures any other organization?**

   CSR projects are undertaken through in-house team in collaboration with NGOs around various breweries of UBL. Such projects are aligned with UBL's initiative towards creating inclusive growth and for welfare of communities residing in the vicinity.

3. **Have you done any impact assessment of your initiative?**

   Field visit, and regular reporting are used as tools to ensure effective implementation of the projects. Indicators have been developed to enable effective impact assessment in the future. Goodera's tech platform is being used to track the programs through M&E indicators. As part of the Sustainability reporting exercise, CSR initiatives were reviewed, and stakeholder meetings were conducted by KPMG India. Regular feedback is taken from the beneficiaries and other stakeholders for continuous improvement in implementation of CSR initiatives. The Company's brewery at Rajasthan has received "Bhama Shah" Award for its exemplary contribution in the field of education for the fourth consecutive year. The company received the SKOCH order of Merit for qualifying among top CSR projects in India for Ecological Restoration of Water Commons and Natural Resource Management. The company's water conservation programme was also awarded with ET Now CSR Leadership Award for 2018.

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, Water Conservation & Providing Safe Drinking Water, "Don't Drink and Drive" workshops for truck drivers under its Responsible Consumption of Alcohol programme during FY19 was Rs. 107.40 million. Details of the CSR initiatives undertaken by UBL in FY19 are provided in **Annexure-B** to the Directors' Report forming part of this Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successful adopted by the community? Please explain in 50 words, or so.**

   Yes. Community participation and ownership are essential components of UBL's CSR initiatives. Participatory approach is followed during project planning and implementation and all relevant stakeholders are encouraged to participate actively. Community is consulted before initiating any programme and needs assessment surveys form the basis for each project. The community monitors the project work till its completion and thereafter the Panchayat takes complete responsibility for the smooth operations of the project.

Principle 9:

Business should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentages of customer complaints/consumer cases are pending as on the end of financial year?**

   There are no customer complaints which were received during the FY19. Out of a total of 35 consumer cases, 4 have been resolved during the FY19. 89% of the total consumer cases are pending.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   Yes. Additional information about the product is displayed on the labels, over and above what is mandated.

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 cases have been filed against the Company by any Stakeholder for any unfair trade practices or irresponsible advertising during the last five years. During FY19, the Competition Commission of India has registered a suo-moto case bearing no. 06/2017 against the Company which is pending.

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**

   Yes. UBL organizes awareness events periodically to redress grievances and to assess consumer trend, choice and consumer satisfaction survey.

ANNEXURE - B: ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-19

[Pursuant to Section 135 of the Companies Act, 2013 read with Clause (1) of Rule 8 of Companies (Corporate Social Responsibility) Rules, 2014.]

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

   The Board of Directors at its meeting held on 27th May, 2014 adopted the CSR Policy pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Rule 5 of Companies (Corporate Social Responsibility Policy) Rules, 2014, (as amended). In line with the guidelines given under Schedule VII of the Companies Act, 2013, the CSR committee has identified activities primarily in four major areas viz., Primary Health, Primary Education, Water Conservation & providing Safe Drinking Water and Responsible Consumption of Alcohol around which your Company focuses its CSR initiatives and channelizing the resources in a sustained manner.

   The CSR Policy is placed on the Company's Website www.unitedbreweries.com and the CSR Projects/Programmed undertaken by the Company can be accessed through the weblink www.unitedbreweries.com/csr under the head Corporate Social Responsibility.

2. The composition of the CSR committee is as follows:

   Mr. Madhav Bhatkuly - Chairman

   Mr. Shekhar Ramamurthy - Managing Director

   Mr. Steven Bosch - Director (Chief Financial Officer) (*)

   Mr. Sunil Alagh - Director

   Ms. Kiran Mazumdar Shaw - Director

   (*) Mr. Steven Bosch resigned with effect from January 01, 2019.

Financial Details Rs. in Million

3.	Average net profit of the company for last three financial years	4,691
4.	Prescribed CSR Expenditure (two percent of the above average net profit)	94
5.	**Details of CSR spent during the financial year:**	
	(a) Total amount to be spent for the financial year	94
	(b) Amount unspent, if any	NIL

(c) Manner in which the amount spent during the financial year is detailed below:

Rs. in Million

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs (1)Local area or other (2)Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) District expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1.	**Primary Education** Vocational training to students, providing of uniforms, books, note books, stationary, Teachers' Salary, Computer Education, etc.	Promotion of education and vocational skills	1. Local area in the vicinity of our Brewery locations. 2. **State and Units:** Rajasthan (Chopanki, Alwar District), Karnataka (Nanjangud Industrial Area, Mysore District & Baikampady Industrial Area, Mangalore District, Bengaluru Rural District), Andhra Pradesh (Srikakulam), Telangana (Sangareddy 2 units), Odisha (Khurda), West Bengal (Kalyani), Tamil Nadu (Thiruvallur District), Kerala (Palakkad & Cherthala), Maharashtra (Aurangabad 1 Unit and Taloja, Raigad District), Goa (Ponda), Haryana (Dharuhera) and Punjab (Ludhiana)	12.03	(1) 12.03 (2) NIL	12.03	Direct
	School Infrastructure Development and Enhancing Quality of Education		Rajasthan (10 villages in Tijara Block of Alwar District)	5.66	(1) 4.52 (2) 1.14	17.69	Sir Syed Trust
			Kamathi village of Nagpur district in Maharashtra	18.90	(1) 17.01 (2) 01.89	36.59	Dilasa Janvikas Pratishthan
2.	**Water Management** Maintaining quality of water and providing water tanks and safe drinking water and conservation.	Safe drinking water and Environmental Sustainability	1. Local area in the vicinity of our Brewery locations. 2. **State and Units:** Karnataka (Nelemangala, Bengaluru Rural District), Maharashtra (Aurangabad District and Taloja, Raigad District), Kerala (Palakkad), Telangana (Sangareddy District), Tamil Nadu (Thiruvallur District), Odisha (Khurda) and Rajasthan (Chopanki)	4.10	(1) 4.10 (2) NIL	40.69	Direct

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs (1)Local area or other (2)Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) District expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
	Safe Drinking Water: Project 1	Safe drinking water	Eleven villages in Nanjungad Taluka, Mysore District of Karnataka State	11.16	(1) 9.88 (2) 1.28	51.85	ASSIST
	Safe Drinking Water: Project 2		Eighteen villages in Khurda District of Odisha State	1.04	(1) 0.92 (2) 0.12	52.89	Springhealth Water (India)
	Safe Drinking Water Project 3		Bagepalli government high school/college and government CHC, Bagepalli town, Chikkaballapura District of Karnataka State	0.96	(1) 0.87 (2) 0.09	53.85	Sarvodaya Integrated Rural Development Society
	Rejuvenation of lake and Rain Harvesting		Nandi Lake at Chikkaballapura District of Karnataka State and Restoration of Kalyani and Gundutopu lakes	10.00	(1) 9.09 (2) 0.90	63.85	United Way Bengaluru
	Water Conservation and Ground Water recharge		Three villages at Rewari District of Haryana State – Rejuvenation of four water bodies	11.05	(1) 9.61 (2) 1.44	74.90	Through Implementation Agency – ABGUS
3.	**Primary Health** Free Medicine for underprivileged people, Health Care activities, Health awareness camps	Preventive Health Care and Sanitation	1. Local Area in the vicinity of our Brewery locations. 2. **State and Units:** Karnataka (Nelemangala), Andhra Pradesh (Srikakulam), Telangana (Sangareddy), Goa (Ponda), Kerala (Palakkad & Cherthala), Rajasthan (Chopanki), Maharashtra [Taloja, Raigad District and Aurangabad (one) unit], West Bengal (Kalyani)	2.92	(1) 2.92 (2) NIL	77.82	Direct
4.	**Mid-Day Meal Programme**	Eradicating Hunger and Poverty	Twelve villages in Mangalore, Dakshina Kannada District of Karnataka State	2.02	(1) 2.02 (2) NIL	79.84	Akshaya Patra Foundation

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs (1)Local area or other (2)Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) District expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
5.	**Responsible Consumption of Alcohol**	"Don't Drink and Drive" Workshop for Truck Drivers	1. Thirteen Breweries 2. **State and Units:** Karnataka (Mangalore), Andhra Pradesh (Srikakulam), Tamil Nadu (2 units at Thiruvallur District), Kerala (Palakkad and Cherthala), Maharashtra (Aurangabad-2 units and rural Mumbai-1 unit), Goa (Ponda), Rajasthan (Shahjahanpur and Bhiwadi), Punjab (Ludhiana)	8.27	(1) 7.42 (2) 0.85	88.11	Through Implementing Agency: Sambhav Foundation
			Logistic expenses for Truck Drivers Workshop	0.71	(1) 0.71 (2) Nil	88.82	Direct
		Awareness Generation	Across India	0.20	(1) 0.20 (2) Nil	89.02	Direct
6.	**Monitoring and Reporting of CSR Programme**	Project Monitoring	Across India	1.23	(1) 1.23 (2) Nil	89.99	Goodera / Nextgen Project Management Services Pvt. Ltd.
7.	**Needs Assessment**	Needs Assessment for Water Project	Andhra Pradesh and Rajasthan	1.00	(1) 1.00 (2) Nil	91.25	Samhita Social Ventures Pvt. Ltd.
8.	**Take the Back Seat Campaign**	Don't Drink and Drive Media Campaign	Across India	10.91	(1) 10.91 (2) Nil	102.16	Direct
	SUB TOTAL						
	Administrative Expenses	Personnel Expenses		5.54	5.24	107.40	Direct
	Total			**107.40**	**107.40**		

6. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

By Authority of the Board

May 20, 2019
Bengaluru

Chairman of CSR Committee
DIN: 00796367

Managing Director
DIN: 00504801

ANNEXURE - C: FORM AOC-I

[Pursuant to first Proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiary

(Amounts in Rs. Million)

1.	Name of the Subsidiary	Maltex Malsters Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	Not applicable
4.	Share capital	4.50
5.	Reserves & Surplus	57.60
6.	Total Assets	94.73
7.	Total Liabilities	32.63
8.	Investments	NIL
9.	Turnover	133.17
10.	Profit before taxation	10.57
11.	Provision for taxation	3.01
12.	Profit after taxation	7.55
13.	Proposed Dividend	4.50
14.	% of Shareholding	51%

UNITED BREWERIES LIMITED

1. Names of subsidiary which are yet to commence operations : Not Applicable.
2. Names of subsidiary which have been liquidated or sold during the year : Not Applicable.

Part "B": Associates and Joint Ventures

(Amounts in Rs. Million)

Name of Associates/Joint Ventures		Kingfisher East Bengal Football Team Private Limited (Formerly, United East Bengal Football Team Private Limited)
1.	Latest Audited Balance Sheet Date	March 31, 2019
2.	Shares of Associate/Joint Ventures held by the company on the year end	Associate
	Number:	4,999 Equity Shares
	Amount of Investment in Associate/Joint Venture:	0.049
	Extend of Holding (%):	49.99%
3.	Description of how there is significant influence	By virtue of Investment in excess of 20% of voting rights.
4.	Reason why the Associate/Joint Venture is not consolidated	The Company's interest in the associate has not been included in the consolidated financial statements as the same has not been considered as material.
5.	Net-worth attributable to Shareholding as per latest audited Balance Sheet	8.74
6.	Share capital	0.1
7.	Reserves & Surplus	8.64
8.	Total Assets	21.92
9.	Total Liabilities	13.3
10.	Investments	NIL
11.	Turnover	5.8
12.	Profit before taxation	0.14
13.	Provision for taxation	0.04
14.	Profit after taxation	0.1
15.	Proposed Dividend	NIL

1. Names of Associates or Joint Ventures which are yet to commence operations : Not Applicable.
2. Names of Associates or Joint Ventures which have been liquidated or sold during the year : Not Applicable.

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

Govind Iyengar
Senior Vice President – Legal & Company Secretary

P A Poonacha
Senior Vice President – Finance & Accounts - CFO

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Chugh Yoginder Pal
Director
DIN: 00106536

May 20, 2019
Bengaluru

ANNEXURE - D: STATEMENT UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

(A) Conservation of energy

Electrical Energy:

- Installation of higher capacity energy efficient compressors and newer energy efficient motors at Goa Unit.
- Replacement of old pumps with energy efficient pumps and compressor at Dharuhera Unit.
- Installation of glycol evaporator system at Odisha Unit.

Water Conservation:

- New effluent treatment plant (ETP) including programmable logic control operated reverse osmosis (RO) commissioned at UBL's brewery at Nanjangud (Mysore).
- Augmentation of current effluent treatment plant (ETP) including reverse osmosis (RO) at UBL's brewery at Kothlapur.
- New reverse osmosis (RO) system in water treatment plant (WTP) commissioned at UBL's brewery at Shahjahanpur as part of capacity expansion.

Capital investment on Energy Conservation:

- During FY19 UBL spent Rs. 67.5 Million on Energy Conservation equipment.

(B) Technology absorption

Research & Development

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

Expenditure on Research & Development

- During FY19 UBL spent Rs.5.5 Million on Research & Development.

UNITED BREWERIES LIMITED

(C) Foreign Exchange Earnings and Outgo

	(Rupees in Million)
Foreign Exchange earned	2,467
Foreign Exchange used	2,882

ANNEXURE - E: FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members, United Breweries Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by UNITED BREWERIES LIMTED (CLN: L36999KA1999PLC025195) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by United Breweries Limited ("the Company") for the financial year ended on March 31, 2019 according to the provisions of:

i. The companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI'):

   (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015,

   (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (No instances for compliance requirements during the year);

   (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations ,2014, (No instances for compliance requirements during the year);

   (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (No instances for compliance requirements during the year);

   (g) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regutations, 2009, (No instances for compliance requirements during the year); and

   (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (No instances for compliance requirements during the year);

vi. Various State Excise Laws relating to brewing/alcohol industry;

vii. Legal Metrology Act, 2009 and Rules thereunder;

viii. Food Safety and Standards Act, 2006 and applicable Rules and Regulations made thereunder;

ix. The Environment (Protection) Act, 1986 and Rules thereunder;

x. The Water (Prevention & Control of Pollution) Act, 1974;

xi. The Air (Prevention & Control of Pollution) Act,1981;

xii. All other Labour, Employee and Industrial Laws to the extent applicable to the Company;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above wherever applicable.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed note on agenda were sent at least seven days in advance and wherever sent at shorter period, the requisite consent from the directors was obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are carried through majority and recorded in the minutes and, unless stated otherwise, have been unanimous. Decision has been taken by majority in all Board meetings during the year.

I further report that there are adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. In this connection, I report that, on 10th and 11th October 2018, certain officials from the Competition Commission of India (CCI) visited the Company, in connection with investigation on allegations of price-fixation and performed search of the premises and conducted inquiries with certain officers of the Company. Pursuant to this the Company has made an application under the provisions of the Competition Act, 2002 and Regulations made thereunder and certain officials of the Company have appeared before the CCI. The office of the Directorate General (CCI) is currently investigating the matter. Consequently, the Board of Directors of the Company has formed a Special Purpose Committee to review the reports on internal investigation in this matter as well as business conduct matters. This committee and Code of Business Conduct and Ethics Committee looked into the violations, in this regard. Till March 31, 2019, these committees have met 16 and 9 times respectively to take steps in terms of its mandate.

I further report that during the audit period there were following specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

1. The shareholders of the Company have passed two Special Resolutions in the extraordinary general meeting held on January 09, 2019 pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to continue the directorship of two non-executive and independent directors who have already crossed the age of seventy-five years till their current tenure.

SUDHIR VISHNUPANT HULYALKAR
Company Secretary in Practice
FCS No. 6040
C P No. 6137

Place: Bangalore
Dated: May 20, 2019

ANNEXURE - F: ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE REPORT

Own Manufacturing Network

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

Contract Manufacturing Network

UTTAR PRADESH – ALIGARH	ASSAM – GAUHATI
DAMAN AND DIU – DAMAN	SIKKIM – RANGPO
MADHYA PRADESH – INDORE	MEGHALAYA – SHILLONG
JAMMU AND KASHMIR – SAMBA	JHARKHAND – RANCHI
WEST BENGAL – HOOGLY	ANDHRA PRADESH – NELLORE

REGISTERED OFFICE:
"UB TOWER", UB CITY, No. 24, VITTAL MALLYA ROAD, BENGALURU - 560 001.
Phone: +91-80-45655000 Fax No. +91-80-22211964, 22229488
Email: ublinvestor@ubmail.com, Website: www.unitedbreweries.com
CIN: L36999KA1999PLC025195, Cable: UBEEGEE

Discretionary Requirements

a) **The Board:**
The Chairperson of the Board is entitled to maintain his/her office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his/her duties. However, currently there is no permanent Chairperson on the Board.

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

c) **Modified opinion in audit report:**
There is no modified opinion in the Auditor's Report, except for qualified opinion on Auditors' Report on Internal Financial Controls.

d) **Separate posts of Chairperson and CEO:**
The position of Chairperson and Managing Director are held by separate individuals.

e) **Reporting of Internal Auditor:**
The Internal Auditor reports to the Directors & CFO and also makes presentation on matters arising out of audit to the Audit Committee on a quarterly basis.

Compliance with Code of Business Conduct and Ethics

In accordance with Regulation 17(5)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, it is hereby confirmed that during the year 2018-2019, 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.

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Place: Bengaluru
Date: May 20, 2019

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,

Members of United Breweries Limited

We have examined the compliance of conditions of Corporate Governance by United Breweries Limited ("the Company"), for the purpose of certifying of the Corporate Governance under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2018 to March 31, 2019. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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 with 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 Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. We draw the attention of Members to the following facts:

With respect to allegations of price fixation in beer industry, the Competition Commission of India (CCI) has started an investigation on the Company. The Company has filed its leniency application with CCI and the Director General — CCI is currently investigating the matter.

The Board of Directors has also formed a Special Purpose Committee to review the reports on internal investigation on the CCI as well as business conduct matters and a Code of Business Conduct and Ethics Committee to inquire into CCI Violations till March 31, 2019, these Committees have met 16 and 9 times respectively to take steps in terms of its mandate.

UNITED BREWERIES LIMITED

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

For BMP & Co. LLP
Company Secretaries

Pramod SM
Partner
FCS. 7834/CP No. 13784

Date: 20th May 2019
Place: Bangalore

Board of Directors

Mr. Shekhar Ramamurthy *(Managing Director)*

Mr. Steven Bosch *(Director & Chief Financial Officer - till December 31, 2018)*

Mr. A. K. Ravi Nedungadi *(Non-executive Director)*

Mr. Christiaan A J Van Steenbergen *(Non-executive Director)*

Mr. Rudolf Gijsbert Servaas van den Brink *(Non-executive Director)*

Mr. Chhaganlal Jain *(Independent Director)*

Mr. Chugh Yoginder Pal *(Independent Director)*

Mr. Sunil Alagh *(Independent Director)*

Ms. Kiran Mazumdar Shaw *(Independent Director)*

Mr. Madhav Bhatkuly *(Independent Director)*

Mr. Stephan Gerlich *(Independent Director)*

Company Secretary

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

Notes

UNITED BREWERIES LIMITED

UNITED BREWERIES LIMITED

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Website: www.unitedbreweries.com