**Transcript of the 22nd Annual General Meeting Of United Breweries Limited**

**Speaker List:**

Speaker 1 – Moderator

Speaker 2 – Mr. Chris Van Steenbergen

Speaker 3 – Mr. Berend Cornelis Roelof Odink

Speaker 4 – Mr. Madhav Bhatkuly

Speaker 5 – Mr. Santosh Kumar Saraf

Speaker 6 - Ms. Kiran Mazumdar Shaw

Speaker 7 – Mr. Kaushik Shahukar

Speaker 8 – Mr. Sadanand Shashtri

Speaker 9 – Mr. Rishi Pardal

**Speaker 1:** A very good afternoon and a very warm welcome to all our shareholders to the 22nd Annual general meeting of United Breweries Limited through video conferencing or other audio-visual means without the physical presence of members at a common venue. This is pursuant to the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Members may kindly note that the notice and annual report for 2020-2021 have been sent by our registrar and share transfer agent, Integrated Registry Management Services Private Limited and Central Depository Services India Limited in compliance with the provisions of Section 108 of the Companies Act read with rule 20 of the rules thereto regulation 44 of the SEBI listing obligations and disclosure requirements regulations 2015 and secretarial standards on general meetings issued by the Institute of Company Secretaries of India.

The company has provided its members the facility to exercise their vote in respect of business to be transacted at this annual general meeting by electronic voting system provided by the Central Depository Service India Limited. Members were provided with the facility of remote e-voting between Monday the 26th of July, 2021 and Wednesday the 28 of July, 2021. Those members who were unable to cast their vote by way of remote e-voting during the aforementioned period, can cast their vote at of the resolutions at this annual general meeting after the announcement by the chairman of the meeting.

Ladies and gentlemen, I will now be taking you through the e-voting guidelines for this annual general meeting. You are now on CDSL e-voting page. Kindly click on the ‘Click Here’ tab which is available under the live streaming option to join the annual general meeting and this will enable your e-voting access during this AGM. Click on sequence number which is available under the EVSN option. A new screen will open with the resolutions. You will find the resolutions displayed for which you can choose to vote by clicking on the options available. Now, you may either choose to vote on all the resolutions at once or select each resolution option available and vote accordingly. If you have not cast your vote by remote e-voting prior to the annual general meeting as provided in the notice of this AGM, you may cast your vote after the conclusion of the proceedings of this AGM, which is announced by the chairman of the meeting.

In case you get disconnected from the live streaming of the AGM, you may re-login using your remote e-voting login credentials. If you have already voted using the remote e-voting platform, you cannot vote again during this AGM. However, you will be allowed to click the EVSN and view the voting page. Kindly note, no modifications will be allowed once your vote is recorded. I now hand over the proceedings of the AGM to Mr. Christiaan Van Steenbergen. Sir, over to you.

**Speaker 2**: Thank you very much. I, Chris Van Steenbergen representing Heineken International BV, a promoter shareholder, propose Mr. Madhav Bhatkuly the chairman of our audit committee and chairman of the stakeholders relationship committee to chair this annual general meeting.

**Speaker 3:** I Berend Odink representing Heineken UK Limited, a promoter shareholder second the proposal.

**Speaker 2**: So Madhav, can I ask you to conduct the proceedings as chairman?

**Speaker 4:** Thank you very much Chris and a very good afternoon to all of you. Let me first be pleased to welcome you to the 22nd annual general meeting of United Breweries Limited. As the minimum requisite forum is present, let me call the meeting to order. First, let's start by introducing my colleagues on the board, the key managerial personnel; the auditors are also attending the meeting through video conferencing from different locations. Rishi Pardal; Managing Director, Berend Odink; Director and Chief financial officer, Christiaan A J Van Steenbergen; non-executive Director. Jan Cornelis Van Der Linden; non-executive Director, Sunil Alagh, Independent Director and Chairman of the Risk Management Committee. Kiran Majumdar Shaw; Chairperson of the nomination and remuneration committee, Stephan Gerlich; Independent Director and Chairman of the corporate social responsibility committee as well as the share transfer committee. Govind Iyengar; senior vice president legal and company secretary, Aditya Bhauwala representing S R Batliboi & Associates LLP Statutory Auditors, Sudhir Hulyalkar, Secretarial Auditor. S. N. Pramod, scrutinizer appointment for remote e-voting. A. K. Ravi Nedungadi, who is non-executive Director is not present at this meeting due to his prior commitments.

The statutory registers as required by the Companies Act 2013 and other documents referred to in the notice convening the AGM are made available online for inspection through the CDSL portal in compliance with the provisions of the Companies Act 2013, the SEBI listing obligations and disclosure requirements regulations 2015. The circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India for conduct of AGM through video conferencing and/or other audio-visual means, this AGM is being conducted through video conferencing.

The link for attending the AGM through video conferencing and other audio-visual means was sent to all members. Since the notice convening this AGM has already been circulated to all the members, I take the notice convening the AGM as received and read. There are no qualifications, observations or comments in the auditor's report or the secretarial audit report on any financial transactions or matters which have any adverse effect on the functioning of the company. The said reports are not being directed to be read out by the company secretary. Since the resolutions proposed at this AGM have already been put to vote through remote e-voting by members, the resolutions need not be proposed and seconded by members at this AGM.

The facility for e-voting at this AGM is available only to members who have not yet cast their votes by remote e-voting. Now friends, let me begin my address by re-welcoming you to the 22nd Annual General Meeting of United Breweries. During the ongoing challenges of Covid-19, once again I am unable to address our dear shareholders in person. Before turning to our performance in 2021, I would like to briefly touch upon the macro environment. The unprecedented impact of the global pandemic disrupted all aspects of life around the world. Whilst the rollout of vaccines is a welcome sign of return to some semblance of normalcy, our sympathies are with anyone who is suffering and who may have lost their lives or friends during this crisis. Staying resilient and agile in different situations is the only way that we can respond efficaciously and adapt to the changing times swiftly.

Our focus continues to be on safeguarding the welfare our people -- of our people while ensuring effective business continuity. With Covid-19 paralyzing the world and causing disruptions to a magnitude we have never experienced before, your company quickly shifted focus to the safety and wellbeing of its employees and ensured business continuity while complying with guidelines as well as supporting the community we live in and operated. Driven by a strong belief that an organization’s strength is in its employees, your company put employee safety as the first priority. Our response to the crisis evolved with the situation and the government's restrictions. We remain fully committed to supporting all our stakeholders through the pandemic.

Now, let me come to our performance during the last financial year. During the year ended 2021, overall the beer industry was very severely impacted. The company's volumes declined by 38% due to the Covid induced depressed market conditions. However, we continue to satisfy customers with a wide range of quality products and innovative strategies with the ultimate objective of remaining at the forefront of the highly competitive Indian beer market. The unprecedented extended lockdown due to Covid led our flagship brand Kingfisher to engage with customers through the interactive digital medium. We ensure that the brand remain the primary preference amongst India's beer audience.

The company recorded net sales of 4,241 crores and EBIDTA of 432 crores and a net profit of 113 crores. The performance reflected effective operations of the company considering the negative impact of Covid and included its strong cost control on key inputs and fixed overheads. Some of our initiatives during the year were in glass bottles, in raw materials, in general and administration, rents, sponsorship, discount schemes, etc. We also be negotiated key contracts in light of reduced demand and thus ensured continuity of supplies but also avoided penalties. We also set up new credit lines and banking relationships, recognizing the uncertainty of prospective cash flows caused by the pandemic. We also had a third party accounting firm review all our key processes for opportunities to improve the control environment. These recommendations have now been put into action and are expected, and are expected to provide enduring benefits.

The company also put in place a highly adaptive planning and forecasting approach to ensure flexibility in meeting the volatile market demand and limiting potential stock and expiry related costs. All of these contributed to United Breweries generating operating free cash flow of 440 crores despite adversities. The total capital expended -- expenditure during the year ended March 2021 was 149 crores, including investments in safety equipment and in functioning in a socially distant work environment. Our company continues to invest for the future both in terms of its brands as well as, as well as its manufacturing capacity. Despite capital investment in the normal course, relentless control of working capital resulted in the company's debt profile and debt equity ratio remaining at low levels. These efforts led to a positive cash position at the end of March 2021 and reflected a strong underlined business model and a healthy balance sheet. Interest coverage ratio is now at 19 times EBIDTA.

As in the past, water conservation and replenishment continue to engage our company. We have several ongoing projects across Haryana, Karnataka, Telangana, Maharashtra, Tamil Nadu and Rajasthan. These include water body rejuvenation and watershed intervention. In a bid to restore biodiversity, we implemented Project Oxygen Hub, a tree planting initiative in Waluj, Aurangabad. A staggering 75,000 trees were planted in a stretch of five acres.

We're committed to manage their -- manage and nurture a sustainable and profitable business which contributes positively to the community and sustains the environment while upholding our mission of providing quality products. Our value creation model encapsulates our commitment to create inclusive and sustainable value over the long term by thinking holistically about our strategy and plans, making informed decisions, managing key risks and opportunities to build investor and stakeholder confidence and improve our future performance. Our value creation strategy integrates sustainable development goals in business operations to uphold our vision to lead and develop the Indian beer market and ensure a more equitable future for all.

The company's efforts have also been recognized through numerous awards. Our prospects remain bright. Per capita beer consumption in India is still very low and just two liters per annum compared to the United States at 72.7, the European Union, the European Union at 74, China at 29 liters and Thailand 27. Therefore, the Indian market could witness significant growth in coming years owing to factors such as increase in disposable income, change in societal perspective, etc. Despite challenges of Covid-19, we continue to believe in the long-term growth potential of the Indian beer market, which we are convinced, has secular tailwinds.

While managing the crisis that descended upon us, we have also taken the time to refresh, renew and reenergize the business to realize this potential and keep the good times going forever. In June 2021, there has been a significant change in the share holding pattern with Heineken increasing its stake to 61.5%. Heineken has been a shareholder of United Breweries for over a decade and has always had a strong representation on the UBL Board. We regard the recent transaction as a testimony to their support and confidence in UBL and the opportunities lying ahead. We look forward to Heinekens continued support to further develop the market, reinforce the undisputed market leadership and create value for all stakeholders.

We acknowledge that the uncertainty in economic conditions created by the force measure environment that we are currently in has impacted our operations as well. Nevertheless, United Breweries remains committed to delivering sustainable growth and building a stable earning stream. We remain steadfast in overcoming these challenges, staying competitive and continue to lead the market to bring value to our shareholders. After 19 long years of serving on the board of this organization, A. K. Ravi Nedungadi is not seeking re-appointment at this annual general meeting. Over his tenure, he has played a very significant role in the evolution of United Breweries as we know it today. On behalf of you shareholders, my fellow directors on the board, employees of this organization, I wish to place on record our appreciation and sincere thanks to him. We wish him good luck.

On behalf of the board of directors, I would like to express my deepest appreciation and gratitude to our capable and reliable management team and staff for the continuous dedication, commitment and support in executing business objectives throughout the year and remaining resolute despite Covid and the various austerity measures that had to be introduced to preserve business continuity. My gratitude also extends to all our customers, business partners, suppliers, government authorities and regulators for their confidence and continued cooperation in furthering our business.

This AGM was originally convened to be held on July 9, 2021 by the notice dated April 27, 2021, which was sent to all members. However, certain material events after the dispatch of the notice that is the acquisition of additional equity shares by Heineken necessitated consideration of important resolutions as contained in the notice for the AGM. And therefore the AGM was postponed to be held today, which is July 29, 2021. The earlier notice dated April 27, 2021 is thus treated as null and void. As confirmed by the stock exchanges, the Register of Members remained closed from Saturday July 3, 2021 to Friday, July 9, 2021, both days inclusive. The revised notice of the AGM dated July 4, 2021 inter alia containing resolutions with regard to one; A. K. Ravi Nedungadi not seeking re-appointment, two; appointment of Berend Odink as director. Appointment of Berend Odink as director and CFO for adoption of amendment restated articles of association has been circulated well in advance to all shareholders. Certain modifications in the resolutions notice later have also been circulated to shareholders.

I now seek views of members who have registered themselves as speaker shareholders. Moderator?

**Speaker 1:** Thank you Mr. Madhav Bhatkuly. Ladies and gentlemen, as the chairman said, we would now like to open our calls for our speaker shareholders who have registered with us over the last 72 hours prior to this AGM. I now call upon Mr. Santosh Kumar Saraf. Sir, requesting you to kindly unmute yourself and then proceed with your queries.

**Speaker 5:** One minute, one minute.

**Speaker 1**: Sure, sir.

**Speaker 5:** एक minute, sir एक minute. Technical problem हो रहा है थोड़ा-सा।

**Speaker 6:** You are audible, please continue.

**Speaker 4:** We can see and hear you, if you can please proceed.

**Speaker 5:** Sir, my picture come in a small size, large, full screen.

**Speaker 4:** Don’t worry. We can see you clearly.

**Speaker 1:** That’s not a problem, sir. Yes, we can see you and you’re very audible. So, please proceed with your queries.

**Speaker 5:** Mr. Chairman and board member and my fellow shareholder. My name is Santosh Kumar Saraf. I am from Calcutta. नमस्कार सर्वप्रथम सभी को. I hope all our director, all our employee, all our stakeholder are, and their family are safe and healthy and good health. Sir, nothing to ask today because new management take just one month ago. So, I welcome our new management group from (inaudible). So I wish in their leadership, I, my company should be go better and better. There is some, few general questions, sir. New management have taken [ph] more than 61% holding, now they have you any -- because they -- now the UBL is became the subsidiary of that group, so they have you any plan to change the name of UBL or they have any plan to change their brand name, suppose Kingfisher and other, and change with her name, which are most popular in the global name yes.

Next, sir, what step they are going to taking in Covid period, so our income and growth should be (inaudible). And sir, what is their CapEx plan. They have want to have (inaudible) further in the our growth and expansion, sir and expenditure. Sir, please told me what step -- what is the budget of the (inaudible) development department in the 2021-2022. Sir, I am speaking English because I always speak in Hindi. So, please excuse me for any trouble sir.

**Speaker 4:** No problem, please carry on.

**Speaker 5:** Sir, have you -- what step are taken by management to start solar power panel of the roof our factory to the self-dependent in the power and reduce the cost of power expenses, sir. Sir, how many percentage our per employee are working from home or/and if they are working from home, any type of infrastructure facility to provide them to coordinate each other to work better and better. Sir, any causality happened, if happened, I gave my great, sincere संवेदना to their family and please God to help them and give strong to them in this tragedy period, sir. I hope God will help them sir.

Sir, next sir, can you tell me what the step are taken to reduce single use plastic, sir. And have you management stop -- form any ESG committee to monitor ESG parameter. If yes, what is the report, sir. Kindly tell me sir. Sir -- next sir, our employees all India basis, can you tell me zone wise employees figures, gender wise figure, age wise figure if possible sir, then you provide me, zone wise, gender wise figure sir.

Sir, further nothing to say. I welcome our board. Sir, I also last request to one thing sir. Sir, I -- please continue the videoconference meeting because today I think (inaudible) some shareholder -- our director attending from (inaudible) very beautiful, good, from the hotel sir. Some director are attending from outside. It is only possible sir because it is videoconference. It did not happen, all director come to Bangalore and this is very risky and very expensive sir. I request all, Madhav sir, next time if it is possible, if physical meeting happen, can you 15-20 minutes session for videoconference meeting for outside shareholder, those are living outside of Bangalore sir.

Next, I thank you my secretary madam. That sir -- madam, one request to you, next time when meeting called, you speak my speaker number in advance, which is better, I ready, alert. Thank you madam. And lastly I wish all our director and their family, all our employees, their families and all our stockholder the happy, wealthy and safe 2021 for them. Thank you sir giving me the time. Thank you.

**Speaker unknown:** Thank you.

**Speaker 1:** Thank you Mr. Saraf. And yes duly noted. Next time onwards we will ensure to call your speaker number. Now, we proceed to our next speaker. I would like to call upon Mr. Kaushik Shahukar. Sir, do we have you? If I could request you to kindly unmute yourself and then proceed with your queries or questions. Mr. Kaushik Shahukar, can we have you please?

**Speaker 4:** If he is not around, you can proceed to the next one and you can maybe come back later.

**Speaker 7:** Hello, audible?

**Speaker 4:** Yes.

**Speaker 1:** Yes sir, you are audible, please proceed with your queries or questions.

**Speaker 7:** Sir, (inaudible) let me introduce myself as Kaushik Shahukar from Mumbai. Good afternoon all. I hope I am audible.

**Speaker 1:** Yes, you are sir.

**Speaker 7:** Yeah. Professionally I am a chartered accountant. Medically I suffer from dystonia. In simple terms, 55% of my body is paralyzed and this impacted my right hand, my right leg and the speech. I have however not treated this as hindrances as I have mentioned before despite my medical condition, I have successfully completed my chartered accountancy course. I just proudly (inaudible) that I am self-reliant and self-dependent. I admire the virtues of UBL group. Let’s share the same principle of making people self-reliant through your ongoing and continuous (inaudible) work. You have been and are making a positive change in our society. Sir, if you can shower some blessings over me, it could change my life too.

(inaudible), I previously approached UBL group (inaudible) in certification area. Unfortunately, that has not progressed. I would therefore like to use this forum to reach out to you and explore avenue [ph] where we can work together. I am confident that you would find my oxygen equipment a value add to your esteemed organization and you empathize with me. I would like to thank all of directors for giving me the opportunity to speak and patiently hearing me. I, I -- before I end my speech, I would like to give special thanks to entire secretarial team including Mr. Santosh Rajput, Mr. Govind Iyenger and and Mrs. Monita Bala. It was only their efforts which made this event possible for me. Please accept my big thanks and it is from bottom of my heart.

I support all the resolutions and I have voted in favor. And I’m -- I am and I will and I will remain (inaudible) shareholder of the UBL. I am also hopeful that company will empathize with me and will (inaudible) consider me. Can I expect a positive response from company? I am sure I was properly audible. Thanks to all.

**Speaker 4:** Thank you.

**Speaker 1:** Thank you sir. Moving on to our next speaker shareholder, I would like to request Mr. H. S. Patil. Do we have you sir? If we could have you, unmute yourself and proceed with your queries or questions. Mr. H. S. Patil, do we have you with us? We move on to our next speaker shareholder. Can I have Mr. Kriti Shah, join us and unmute yourself and proceed with your queries? Mr. Shah, do we have you with us? Moving on to our next speaker shareholder, may I please have Mr. Sadanand Shashtri? Can we have you unmute yourself and proceed with your queries? Mr. Sadanand Shashtri. Mr. Shashtri, do we have you with us? If you could kindly unmute yourself and proceed with your queries. One more time if I could have Mr. Sadanand Shashtri join us.

**Speaker 8:** Hello.

**Speaker 1:** Yes sir, we can have. We can see you and you are audible. Please proceed.

**Speaker 8:** Is it audible?

**Speaker 1:** Yes sir, you are audible.

**Speaker 8:** हाँ, Shall I start?

**Speaker 1:** Yes sir please.

**Speaker 8:** हाँ, I do not know anybody there other than Mr. Govind, okay? I am Sadanand Shashtri. Good afternoon. I am Sadanand Shashtri from Bangalore. My number is 11702201. In fact, this virtual meeting is waste. Neither I can approach you properly nor you can reach us. The impact of Covid has influenced at all sections, sectors, fields, but drinking section retained without any disturbance. Actually, page number -- as per report, page number 13, it is a pretty able to note that the profit decreased 2.92% to 1.11% drastically, that is the company declared a dividend of 50 paisa. It is not the benefit of the shareholders, but saved the image of the company, it is good. Page number 45, unclaimed dividend outstanding, not bifurcate -- bifurcated year wise. It may help the shareholders to identify usage of unclaimed shares and dividend would be unauthorized. Page number 52, court has declared Mr. Vijaya -- Vijay Mallya is bankrupt. How do you deal that is 2.13 crores of shares.

Page number 66, standalone balance sheet. Trade receivable is on higher side, it is mounting 50 crores more than the last year, how do you reduce it. Cash balance abnormally increased by 380 crores, is it not a burden when your borrowing goes heavy by 115 crores more. Revenue drastically reduced by 4,463 crores, is it not a death blow to the development. Operating profit also reduced by 4,000 crores. It is peculiar to note that depreciation, finance cost and employee’s benefit reduced on increase of properties and borrowings. The reason not made known.

Trade receivable, unsecured portion is more. No age wise classification is made. Credit impairment is also added, how do you control it from going bad? Page number 100, other income. [inaudible 32:42] for trade receivable written back 3,380 lacs, is it from the customers or related parties. How it is -- however it is a good sign. Consolidated balance sheet - consolidated balance sheet, most of the comments have come from standalone. Negative growth is in properties and bearable. Property plant increases, but depreciation reduces. Borrowing increases, but finance cost reduces, what is this magic?

As far as CSR is concerned, do not excellent but it is satisfactory. Lastly, I saw the press notification that elevation of Mr. Shekhar Ramamurthy, what is it, is it true? Thank you very much. See you again in, that is UB tower next year, be safe and be cheerful. Thank you.

**Speaker 1:** Thank you Mr. Shashtri. Now I hand over to the chairman to answer and respond to the queries of our speaker shareholders.

**Speaker 4:** Thank you. So, none of the others have returned as of yet, right, moderator?

**Speaker 1:** No sir, they haven’t.

**Speaker 4:** Okay. There are some email queries as well which I will take on board later. But let me, before that, invite the managing director to review the last year's financial performance and speak about the business operations. Rishi?

**Speaker 9:** Thank you, Mr. Chairman. And a very good afternoon to all of you, my dear shareholders, respected members of the board, Chairperson sir. The year 2020-2021 was disproportionately impacted by the Covid tragedy that really created a lot of suffering to the whole of humanity. Apart from the tragic loss of life which we deeply acknowledge and the untold suffering it has caused across societies and countries, the Covid crisis had a discontinuous impact on your company, United Breweries Limited. There were three factors that affected us in the year.

The first was, of course, the lockdown that occurred during the peak consumption season between the months of March. The second was in terms of the disproportionate and large quantum increases in taxation that every state government resorted to in order to shore up their revenues. And the third was that for a large portion of the year, bars and on-premise sales that account for a major portion of our consumption remains shut. As the chairman alluded to, our first focus in this period of crisis as we ensure their safety, we also created new ways of working in our plants so that we could work with the right rules of engagement, with the right social distancing and prepared ourselves to ramp up operations when the crisis blew over.

Apart from this, we also ensure that there was a lot of focus on managing our costs and conserving our cash. We also did a lot of work to keep our consumers engaged. And as one of India's largest consumer franchises, it was absolutely critical to ensure that consumers retain their trust so that as and when consumption retail returned, we could increase our share all over again. We took this opportunity to reassess the market potential. We concluded at the result of that exercise that India continued to remain a long-term secular growth story for beer. The fact that it is a hot country with a young population with a median age of under 30 years, there is rising urbanization and prosperity means that the per capita consumption of beer currently pegged at about two liters per annum is only set to increase.

With that realization of this long-term potential, came the re-energization that we should refresh and renew our business during this crisis to keep the good times going forever. Every team in the company geared up to make sure that they could operate in the new Covid environment. To start with, the IT team, when we got confronted with the challenge of working from home, ensured that we could have the digital capacity, capability and security to ensure that our employees could work from wherever they were and operations of the company were not impacted. The finance team doubled down on both cost and cash preservation. It was critical for them to (technical difficulty) revenue rate in the first quarter of the last financial year.

The marketing team not only engaged consumers but also took on the task of growing occasion led marketing. The beer at home campaign was launched so that we could make sure that consumers even while they were at home and watching various television and programming could enjoy their favorite cup of beer. The operations and supply chain team took on the challenge of commissioning two of India's largest brewery expansion projects in Telangana and Chamundi [ph] in this extremely challenging period. Today, I'm really proud of the fact that our Telangana Brewery, with three million hectoliters of beer is counted as the largest in the country.

The nonalcoholic beverages team, which had launched the Kingfisher Radler and Heineken 0.0 products, took the opportunity to beef up our visibility in the modern trade and online channels. Today we have achieved leadership in these two categories on the strength of these two new channels, which otherwise United Breweries was not entitled or allowed to go to for its beer business. The HR team ensured that there was a caring eye for all our employees, be it in terms of first medical response or be it in terms of getting our people vaccinated as and when the opportunity arose.

During this extremely tough period, we did not lose our focus on sustainability. Today, our water usage per hectoliters of beer is second to none in the world. One of our members query just now about what we are doing in the area of power consumption and sustainability. I'm proud to say that 95% of our thermal energy comes from sustainable sources, and 35% of our electrical energy is already sustainable. These are good step in a long journey to create a fully sustainable company. The results, while they have been disappointing and not to the expectations of where we want to be and in line with previous years, has seen some critical milestones. In the last two quarters of last year, we were able to regain all our shares and ended the year in a very strong market position. In spite of significant volume deleverage of almost 38%, we were able to deliver an EBITDA of 10.5% and at least preserve our track record of profitability. Our free cash flow for the year on the strength of some excellent balance sheet management delivered a record 440 crores.

As we look back upon the year and look forward to new opportunities, we remain confident that we will be able to drive category penetration and drive a premiumization of our portfolio, manage our costs to ensure good returns of profit and dividends to our shareholders and lay the foundations and continue to build a world class company that has best in class processes, human capital management and sustainability. The recent announcement by Heineken of increasing its stake holding in the company is another reflection of the confidence they have both on the potential of the Indian market and in the way in which United Breweries has gone about building some of India's most iconic brands. We view this as a, as a period of continuity and also the coming together of two giants in the brewing world to unlock the true potential of the beer market in India. I would at this moment like to acknowledge all the hard work of our colleagues, of our partners and the support of our board and above all the shareholders to give us the space and the confidence as we sailed our ship through some of the most turbulent times that this company has ever experienced.

Towards February as things were beginning to normalize, the second wave emerged and reminded us that conditions continue to remain volatile, that we have to continuously display the agility that we have in order to ride the storm and continue to make the progress we need to do. We remain confident that we can reenergize the business, refresh and renew our brand and keep the good times going forever. Back to the chairman.

**Speaker 4:** Thank you very much Rishi. Let me try and now respond to some of the questions that you have posed and Mr. Kirti Shah who could not come online has also sent his messages or questions by email. I'll cover them separately along with Mr. J. Abhishek was -- also sent an email out with questions. So let me first of course, speak about Mr. Kaushik Shahukar. You know, we are extremely sorry, our heart reaches out to you to know that 55% of your body is paralyzed, but more power to you for you having completed your accountancy and cleared your chartered accountancy and, and, and keep your spirit up and follow the good tradition of Kingfisher with a smile on your face and let the good times rolland this too you shall overcome. You had a question in terms of your CSR and how that could be (inaudible) I think your points are taken on board by the board. Though we have a clear policy in terms of areas that we focus on, the company's secretary if at all there is anything possible, will reach out to you.

Let me now specifically respond to some of the questions that you raise. In terms of change in name of United Breweries, at the moment, we have no such plans. If we do have any such plans in the future, we will come back to you. There is also question in terms of the brand Kingfisher and what we proposed to do with this. I’ll sort of try and give you a slightly long answer over here because it's important for you to appreciate what Kingfisher is in India, right? Now if you look at beer the world over is dominated by local brands. So for example, the United States would be Miller, Budweiser, Australia would be Foster's, XXXX, Heineken, Carlsberg dominate Europe. It’s Asahi in Japan, Tiger in Singapore, (inaudible) and Lion in, in Sri Lanka and Kingfisher in India.

So Beer tends to be a very local business, unlike spirits where you have global brands which dominate the world. So it's important for you to understand the strong bastion that Kingfisher has been able to build over the last several years and decades. And therefore, Kingfisher as a brand will continue. In fact, with Heineken's support, we're looking to see how we can actually make it travel overseas as well. So yes, whilst Heineken will have a, have an increasingly larger presence in India in the future, there is no question of Kingfisher going anywhere. Kingfisher will continue to, to remain and we hope you enjoy, enjoy, enjoy drinking. Steps during Covid to improve income and growth. So it's been -- so last year was actually interesting in the sense, the lockdowns occurred suddenly. None of us knew what lay ahead for us, and we were all making decisions on the fly. And this is not just for United Breweries, it's literally for every organization in most parts of the world.

The second time around, when we had the second wave, we were better prepared. So whether it was work from home, whether it was managing stocks in the environment, all of these things we were in a much, much better position to respond to. So -- but what we did do during the last 12 months and our journey continues to remain because many of these projects are ongoing. So whether it is upgrading our internal control systems, whether it's accelerating several cost cutting initiatives, productivity measures, that journey has been established and we have set a certain momentum and a cadence to it, and you will hopefully see the benefits of it over years to come.

It may not still be noticeable during the course of the current year, largely because you know the first quarter of the year is a very important one for us. Summer is, as you know if you’ve been tracking the, the industry or the company long enough, is probably the most critical season in terms of consumption of beer. And unfortunately the second wave affected us very badly and as a result of which, lot of these initiatives you will see the impact of on an ongoing basis, hopefully when we have a full year of operation. So it's early days.

Solar and renewable energy, Rishi has already responded to that question. Thank you so much for that, Rishi. In terms of how many people are working from home, we don't, you know that number is continuously dynamic. If there is a third wave, the number might become even more dynamic. But I think in the second wave itself, a lot of our people have gotten used to working from home. There are some direct facing jobs which are impossible to move to work from home. You know factory production doesn't or cannot happen from home, people need to be in the factories. So, so some element of our business will continue to have some physical contact. But it's at the moment fairly flexible, depending on what the environment is in that particular state, that particular region, that particular locality. So, it's a moving number on a daily basis, based on how things are at the moment.

Do we have focus on ESG? Yes, very much, and you know, on, on a governance basis as well, we are continuously upgrading ourselves on the environment side, renewable energy, and having a carbon neutral footprint over the next coming decade is again part of our, our social goals. So it's, it's an integrated part very much of our strategy. Yes, we take on board your suggestion of video conferencing continuing and even with we need physically will try and adopt the hybrid strategy. And this is something that many shareholders have been saying to most companies across India at the moment.

There was a question regarding some specific pages of the annual report on why profit declined drastically. And the answer is fairly obvious. Roughly about a third of our business is on premises or literally contact facing. So if bars, restaurant, etc., are closed, literally a 30% of our distribution disappears. The second problem, and you got to sort of look at us differently compared to a traditional FMCG or a consumer company because the traditional Lever’s and the Colgate’s or Britannia’s were classified as essential companies or essential products manufacturers. Also, the distribution chain that they work with is traditional retailers, who are also allowed to open from time to time for a few hours a day. In the first wave of Covid, remember liquor shops were shut, restaurants were shut, bars were shut. So suddenly from having fully buzzing distribution, we went to zero, and the recovery has been sporadic. Even when the recovery has occurred, there have been strict social distancing norm, norms in most premises and as a result of which, if a restaurant is operating in 50% capacity because of social distancing or a bar is required to operate at 30 or 40, you can’t, you know if you go into for a meal in a restaurant, you're not going to eat three times, you have a finite capacity in your stomachs.

Similarly, if there is one person going into a bar instead of three, they are still going to drink so much per capita and not going to drink equal (inaudible) of three people. So on-premise consumption is an issue continues to remain an issue, but we're hoping that it will recover sharply. We saw glimpse of it after the reopening, but you know unfortunately we ended up into a second wave and we lost the busiest season over there. So lot of our profit impact was largely because of that. The dividend is a function of the profits because we historically followed a payout policy. If you want more information about a payout policy, it's available on your website. You can refer to it. If you need more information, the company secretary will be delighted to send you the link to the website.

Unclaimed dividend, really we don't have access to it. This is statutory. It has to be parked separately for a certain number of years. After a certain number of years, it automatically goes to the government and then the government -- it has to be claimed by the shareholders directly from the government. So really, it's a liability as far as we're concerned. In the sense it's payable from our books, but we do not touch it. It's kept separately and completely apart from our core operating funds. So really, you could just look at it as a separate partition, though it's part of our annual report, but over a certain period of time, it will end up with the government.

In terms of Dr. Mallya's shares, you know those are sub judice at the moment. And if you've been reading the press, there is a litigation on, there is control exercised by some of the authorities, so it will not be appropriate for us to cast any judgment or opine on them at all. Our cash balance is increased abnormally. Yes, in many ways, it has to do with the sort of aggressive collection efforts that our team made. But also what you got to sort of recognize is, when you have a period in which we are not selling, our incremental receivables decline, but during which times, there were also collecting receivables, we end up receiving cash and we don't end up paying out, right? So as a result of that, you can have a very sort of higher cash balance, but there have been two reasons for it. One, there has been a genuine effort on trying to manage working capital better. But if you collect more because you've been closed rather than you've sold and therefore your receivables tend to decline, but your cash balances tend to rise. This is just the nature of mathematics and accounting when you are not operating in full capacity.

Revenue declined drastically. That was another question. We have addressed that. Why are some of our employee and employee welfare cost down? Actually, some of it is simple because if we have contract labor and we don't have them because factories aren’t functioning, our employee costs drop. We also have some incentive plans. Again, they're linked to sales. If there are no sales and there is no -- there is no incentive to pay. There's also staff welfare, canteen expenses so and so forth. All of these sort of add up to, to bringing those costs down. But please don't view them as a normalized number. A normalized number would be when we have normalized sales. And it would be most appropriate for you to try and benchmark them when we have normalized activity. This is not a normalized functioning environment.

There's a question on, on, on trade receivables written back. So this is actually a simple reason, we had export receivables which were overdue as a matter of abundant caution. We took a -- took a provision on them, subsequently during the course of the financial year we've recovered them, and as a result of which those were written back, which is thanks very much to the efforts of our management. How our, how our borrowing costs are lower? The answer is actually simple, because interest rates during the course of the last 12 months declined very substantially. So if we have linkages with floating rates, then, and if the interest rate -- term structure of interest rate itself declines, then we benefit as a result of lowing -- lower rates. Also, as I explained earlier, we had rising cash balances, so really got to look at, you know, there is a working capital facility that's withdrawn and if we have accrued cash balances, we are -- if we are depositing the same cash in our bank accounts as a result of which the incremental interest there itself can also drop.

Let me sort of trying cover one more question in terms of change in management. So the management of the company remains very much the same. So whilst there is a meaningful change in shareholding and we think that will lead to perhaps even greater participation of Heineken and best practices -- global best practices within United Breweries, the management under Rishi Pardal who is your managing director, continues to be the same. There is no plan of changing the management structure of the company. The shareholder’s decision in the -- acquisition by shareholders is completely different from change in management. So I hope that, that is absolutely clear.

There are a fair number of questions online, so I'll just try and take some of those quickly. Some of them may have already been answered. One of them has been -- has there been any penalty which has been imposed by the BSE or NSE on the company? No, absolutely not. There is no -- there is no such penalty. There's also a question in terms of why our stock price had a low of 898 and a high of 1497. So, frankly, we don't want to comment on stock prices. But let’s just say, if I had to respond to you, and the question is followed by another question saying, is there any manipulation in the stock price? The answer is absolutely not. If you look at 61.5% owned by Heineken, and if you look at our institution shareholding, we have extremely pristine shareholders, and you got to also take into account the fact that what happened in the market during Covid and how low the markets were at the end of last year versus where they are right now.

And again, if you look at stock market history for 100 years in the United States and 70 years in India, the high, low of a particular stock between a year averages some in the region of about 40%. So we are not really unique and especially in a Covid year and volatility has been high. In terms of -- I am just going through some of the other questions. In terms of what our, what our borrowing rates are, we have a floating rate structure. It's sort of ranging between 5.5% to maybe 7.5%, but it's floating rate depending on what the environment is. In terms of our capacity, we are, we are roughly about 38% lower than what we were in the past. As things recover, we're hoping that things will, will improve for us as well.

What is the real impact of Covid on our supply chain? So one of them, of course, was lower capacity utilization. The second was on in terms of on prem that I -- that I sort of explained to you, but, you know, it's sort of difficult to give you a one word answer because we work across multiple states and especially in the second phase of, of Covid, we've seen different states operating at different levels. And even in the first stage, different states began to open at different stages. So as a result of which, you know, there is a statewide effect as well. So it's difficult to give you one real example. But the point to take home is that one third of our businesses on premises, it got severely very or -- severely or badly affected.

The second issue is if you sort of look at our supply chain, there's a significant amount of used bottles that come into our supply chain, right? So these are consumed by -- beer is consumed by consumers. They get rid of these bottles. We have a process by which some of these used bottles come back. Now if those bottles don't come back because of XYZ reasons of lockdown, that also has an impact on our supply chain as well as on our profitability because we have to then re-begin our operations through new bottles. New bottles are much more expensive. So they have -- there's a two pronged effect, right? But over a period of time we end up buying those bottles, but we also introduced new bottles in the market. So there is a full multiplicity of effects at the moment. And how these change, you know, the environment continues to be very dynamic, but we hope when the dust settles and we have a normalized environment, you will see really all of these things sorted out.

Where do you see light at the end of the tunnel? You know, it's impossible to answer that question. It’s like we're asking you, do you think, do you expect that to be a third wave? Do you expect that to, to be lockdowns? What's heartening at the moment is our vaccination data. So if you look at the last published numbers and this is reported by the media, roughly about 90 million of our population has received the first dose. Roughly, 390 million people of our, sorry 390 million has received the first dose, and roughly about 90 million people have received both doses. If you look at again media reports in terms of our seropositivity rate in terms of community antibody transmission, whether through contact and my Covid transmission through community, the seropositivity rate remains higher than 50%. So if hypothetically the argument of 75% herd immunity is right, then we might be closer to it. But, you know your guess is as good as ours. We are just watching this space, and from our budgeting to our business processes, we’re trying to be alive and more dynamic and respond as things open and, and literally as things change.

Capacity. There's a question of capacity utilization in, in the, in April, May, June. Again, we were roughly at about 70% in terms of operating activity because of the second wave. Again, this is a very busy season for us, so, so immediately post the busy season overlaps the end of Q4 as well as Q1, and, and we were at roughly about 70% in terms of utilization levels. How many employees have been sacked, hired, salary cuts? We actually didn't sack any employees, and it's followed up by a question in terms of why, if we haven't. I think the answer is actually simple, because we have a lot of workers who are trained, who know how to, to work. And when things respond, it's impossible to then bring on people and then retrain staffs. So -- and the uncertainty of the lockdown, the period of the lock down makes it impossible to really recognize whether some of these changes are permanent or not.

So we have really taken a view on two counts that there were obviously no increments to staff. But we continue to retain all our employees on, on our books. We continue to protect them as well, and hopefully we will be able to reengage with them and get them fully functioning, moment things are coming and operating in full capacity, so we don't have to reinvest in training cost, etc. So if you look at the current environment for some of the people who got rid of their staff are struggling with bringing them back in or bringing new staff back in and therefore ramping up to full utilization levels is a bit of a struggle. So, fortunately, we did not make that decision. But we did make decisions in terms of taking out some costs, moving into zero based budgeting and doing some cost rationalization, and hopefully you will see the effect of those in a normalizing environment through better margins.

In terms of new products and innovations, the company continuously assesses the market potential. Recent innovations include KF Witbier as well as Amstel and which would make a great consumer demand. We're also trying to look at the nonalcoholic side of the business, and you will see more about it in the, in the times to come. There's a question in terms of return on capital employed, our net EBIDTA multiple and, and operating margins. Again, I've sort of answered this in, at a different point in for a different question that there is a process of continuous cost improvement. But you will see the effect of this in a much more normalized environment when things recover.

What is the policy related to dividends of your company? Again an online question. Dividend distribution depends obviously on the – the quantum depends on the profitability of company. But historically, if you look at the -- followed a payout policy are between 10% to 20%, it's sort of been averaging mid-teens. And if you have more -- you wish to have more information, it's there on our company's website, which is [www.unitedbreweries.com](http://www.unitedbreweries.com).

Yeah, I think this covers the online questions as well, so we can move on to the rest of the proceedings of the AGM. Let me now take up the resolutions as per the notice of the AGM. Item number one, to receive, consider and adopt the audited financial statements of the company, including the automated consolidated financial statements for the year ended March 31, 2021 together with the reports of the auditors and directors thereon by way of an ordinary resolution. Resolve that the audited standalone balance sheet as at March 31, 2021 statement of profit and loss and cash flow for the year ended March 31, 2021, auditor's report thereon together with the report of the directors be and are hereby adopted.

Further resolve that the audited consolidated balance sheet as at March 31, 2021, statement of profit and loss and cash flow for the year ended March 31, 2021, auditor’s report thereon together with the report of the directors be and are hereby adopted.

Item number two, declaration of dividend by way of an ordinary resolution. Resolve that a dividend for the financial year ended March 31, 2021, at the rate of 50% as recommended by the directors be paid to; A. those members whose names appear as beneficial owners as at the close of business hours on Friday, July 2, 2021 as per the listed -- list furnished by the depository in respect of the equity shares held in electronic form. B. Those members whose names appeared in the register of members of the company as of Friday, July 9, 2021 after giving effective all valid share transfers lodged with the company on or before Friday, July 2, 2021 in respect of the equity shares held in physical form.

Item number three, retirement of Mr. A. K. Ravi Nedungadi, non-executive director, who does not seek reappointment by way of an ordinary resolution. I request the members to take the resolution and explanatory statement as read. Item number four, appointment of Mr. Berend Cornelis Roelof Odink as director by way of an ordinary resolution to comply with the minimum number of directors liable to retire by rotation in terms of the provisions of Section 152 (6) of the Companies Act 2013. The resolution set out in the notice is proposed to be amended to reflect that Mr. Berend Odink will be liable to retire by rotation. The resolution stands amended to the extent and should be read along with such an amendment. I request the members to take the resolution and explanatory statement as read.

Item number four, appointment of Mr. Berend Cornelis Roelof Odink as the director and chief financial officer by way of a special resolution. The resolution set out in the notice is proposed to be amended to reflect that Mr. Berend Odink will be liable to retire by rotation. The resolution stands amended to that extent and should be read along with such an amendment. For good governance, clarity and better understanding, item number 13 mentioned in this resolution is being amended. The revised paragraph as amended in item 13 is being read out. I request the members to take the resolution and explanatory statement as read. Let me read out Item number 13, as per agreed remuneration package, the current gross remuneration payable to Mr. Berend shall not exceed a sum of Rs. 5.15 crores per annum, which includes incentive -- incentive payments and pension costs on an annual basis. He should also be entitled to periodic increments and such other allowances, perquisites, amenities, facilities and benefits as per the rules of the company as applicable to senior executives and as may be permitted and approved by the board of directors to be paid to the expatriate director and chief financial officer.

All allowances, perquisites, etc., shall be valued as per income tax rules 1962 as a mandate from time to time. Item number six, adoption of amended restated articles of association of the company by therefore [ph] special resolution. I request the members to take the resolution and explanatory statement as read. Item number seven, payment of commission to non-executive directors including independent directors by way of an ordinary resolution. I request the members to take the resolution and explanatory statement as read. I now put all the above resolutions to vote through the electronic voting system for those members who have not yet cast their votes through remote e-voting. I appoint Mr. S. M. Pramod Company Secretary in practice of (inaudible) BMP & Co. LLP, company secretary as scrutinizer who was also appointment as scrutinizer for remote e-voting. The scrutinizer shall submit his report on remote e-voting and e-voting at the AGM within 48 hours of conclusion of the AGM. Thirty minutes time is being granted to all members for casting votes. Voting results will be announced on receipt of the scrutinizer’s report and will be placed on the Company’s website and sent to the stock exchanges.

Thank you very much all of you for participating in the AGM over videoconferencing. I know these are trying times, it’s been a difficult year of business for the company especially because of contact facing nature of its operations, but you know nothing lasts forever and the good time shall return again. And business will, will boom again and will be back to meet each other and see each other in person. Thank you very much and I now announce a former closure for the 22nd Annual General Meeting of the company. Thank you.