

AGM Video August 26, 2020

**Speaker List:**

Speaker 1 - Mr. Madhav Bhatkuly

Speaker 2 - Moderator

Speaker 3 - Mrs. H S. Patel

Speaker 4 - Mr. K. Sadananda Shastri

Speaker 5 - Mr. Santhosh Kumar Saraf

Speaker 6 - Mr. Ravi Kumar Naredi

Speaker 7 - Mr. Deepankar Kurkyastha

Speaker 8 - Ms. Vasuda Vikash

Speaker 9 - Mr. Rishi Pardal

**Speaker 1:** Water body rejuvenation, watershed intervention, rainwater harvesting, and rejuvenation of wells. The company's efforts have been recognized through a number of awards. Having an initial period of complete lockdown, effective March 2020, the company is now witnessing phased opening of its breweries and retail outlets. As of the end 20, July 2020, our brewery network was nearly fully operational and by now is able to serve market demand.

Though about 50,000 retail outlets are currently operational at about 85,000 -- as against 85,000 normally in the country. Governments are also slowly waking up to the prospects of e-commerce. This could present a sustainable opportunity for market penetration and direct sales in the future. All staff and marketing dignitaries have issued strict guidelines on safety, health and hygiene are being directly monitored to be, make sure that our workers and incumbents are completely safe.

The company has also utilized this slowdown to improve on training and development by human resources. A total of 6152 participants have benefited from more than 87,000 hours of training and development across 29 programs. The month of July also saw the superannuation of the company's managing director, Shekhar Ramamurthy, who lay down office after 21 years at United Breweries Limited. He took over as managing director in 2015 when the turnover was 4692 crores and net profit at 260 crores. We acknowledge his contribution in developing the company's business to its current sales of 6505 crores and net profit of 416 crores. We wish him success in his future endeavors. And we also take this opportunity to welcome our new managing director, Rishi Pardal, who joined us after a highly successful career in India and overseas.

His last assignment was based out of Hong Kong as Vice President of Global Apparel Solutions for retail brand and information solutions of Avery Dennison Corporation, a Fortune 500 company. He is responsible for managing turnover in excess of US \$1.4 billion and an EBITDA margin of 15% and overseeing over 19 employees. He also served as Asia head for Avery Dennison Diversity Council and was a trustee for the Avery Dennison Foundation. He was engaged in contributing to strategy to initiatives that had a global and a cross border business impact for Avery including sustainability, diversity, business, politics, etc. Prior to Avery Dennison Corporation, Rishi Pardal head the position, held the position of managing director of Marico Bangladesh following a 14-year career in various management roles with Hindustan Lever Limited. He brings a wealth of skills to the table, expect him to lead the company to new heights in the future.

In conclusion, let me reiterate that the company and all its employees and associates had, stand strong in this phase of great adversity. Such unprecedented challenges would lead us to unprecedented opportunities and your company is well prepared to seize them. I want to thank our staff, suppliers, customers, financial associates, my fellow directors and above all, all our shareholders.

Now, let me highlight the errata in the director's report, which has come up. In the financial summary mentioned in the director's report on Page No. 16, the annual report 2019-2020, the amount against provision for taxation for the financial year 2019-2020 is mentioned as 1402 million which should be read as (1402 million) signifying the previous year. I asked views of members who have registered themselves as speaker shareholders, the moderator will conduct the, the speaker sessions and ensure that – kindly ensure that you do not speak for more than three minutes per speaker. Moderator?

**Speaker 2:** Thank you, Mr. Chairman. Ladies and gentlemen, we now will be proceeding towards our speaker shareholders. We will start with our first speaker shareholder and get views. Requesting all our speaker shareholders to be mindful about the time so as to give the opportunity to all our speaker shareholders to be able to view their points. We start with Ms. Pushpa Devi Khandelwal. Once again, we start from the view of our speaker shareholders with Ms. Pushpa Devi Khandelwal. Ma'am, do we have you? Ms. Pushpa Devi, do we have you available with us this afternoon? We will get back to Ms. Pushpa in a bit. We'll proceed to our next speaker shareholder. We have Mr. H. S. Patel. Sir, do we have you? Mr. H. S. Patel, do we have you with us? If you have your mic muted if you could kindly unmute yourself and speak that could be a technical as well [ph].

**Speaker 3:** Hello. Are you able to hear me now?

**Speaker 2:** We have both, Mr. H. S. Patel and Ms. Pushpa. We will start with Pushpa, going from the top of it. Ms. Pushpa, yes, we are able to hear you. You are audible. Kindly (inaudible) ma'am.

**Speaker 3:** Who is supposed to speak?

**Speaker 2:** We will start with Mr. H. S. Patel and will come back to you in a moment, ma'am.

**Speaker 3:** Okay. H. S. Patel only.

**Speaker 2:** All right, thank you Mrs. Patel.

**Speaker 3:** Okay. I am Mrs. Patel. Mrs. H. S. Patel. [laughs] Anyway.

**Speaker 2:** Kindly proceed, sir.

**Speaker 3:** Yeah, respected sir, Mr. Shekhar Ramamurthy. Mr. Berend Odink, our CFO, our CSVP Mr. Govind Iyengar, I also thank Kaushik Sheshadri and all other members of the secretary department. Madam Kiran Mazumdar, I hope you are very well now. You're a very important figure in many companies, I see you on the board and get to, get well soon, get completely recovered and wish you good luck. First, I would like to thank I think it was Mr. Madhav who gave the speech before. Thank you, Mr. Madhav sir. Indeed, I heard the speech and it was quite nice. Some more details were also essential. Anyway, and I thank for giving me a chance to speak here as a shareholder. First, I would like to thank the MCA and the SEBI people who have made this speech through videoconferencing

possible because it gives opportunity to all the speakers from all India and even from abroad as well as it is, it is less costly than arranging it in the hall or in the conference and all that. It is less time consuming and very economical and I hope the company keeps on doing this conferencing through this OBS system only and not through physical attending the hall.

Now, I come out with some questions. Sir, any plans by Heineken to acquire further stake in the company? The pretty [ph] director enforcement is holding 16.15% stake. Can we acquire those stakes from that person? We have an increasing debts. Sorry. Mr. Sunil Alga, I can hear you sir. We have an increasing debt. What are the plans to reduce the debt and when are we going to make our company debt free? Sir, I request the management and the board to focus on the debt reduction. It will be good if we don't get dividend for still two-three years, but if debt is reduced, our stock price will go up. So, any loss of stock you'll have or any increase in inventory due to COVID pandemic? If so, what is its impact?

Sir, what is our R&D cost? Do we pay any loyalty or sales commission to Heineken Corporation if you please let me know? Heineken, sorry, I'm mispronouncing the Heineken, please forgive me. Sir, I appreciate the level of disclosure about the CSR that you have all done. It is almost 116 million you have spent. The balance 6 million is remaining. Finance sir, finance ma'am, please I request you to give it -- to give the figures in crores and not in millions. It makes us a little complexing. Please, next time please I request you to make it in crores and not in millions and I appreciate the disclosure done about the CRS, your new products, your supply chain, information about the products, launch of non-alcoholic beverages, online learning for employees and key awards won by your employees.

**Speaker 2:** Mrs. Patel, thank you so much for your questions.

**Speaker 3:** Ma'am, ma'am please, we are getting only once in a year this opportunity to talk. AGM is only once in a year and three minutes is not enough. Please give us a chance. We are not conducting AGM three-four times in a year.

**Speaker 2:** Ma'am, I do understand, but please (multiple speakers)

**Speaker 3:** No, please I have only two more questions, please allow me.

**Speaker 2:** Okay ma'am, I will let you finish your two questions.

**Speaker 3:** Even though there is an increase in income, there has been a huge fall in EBITDA. I wanted to know the reasons for the same. How do we cope up with an increase in our market share from new and other entrants in the market? With higher taxes and lower global per capita consumption in India, at what CAGR you foresee our company growing for the next five to 10 years in time, in terms of sales growth? What is the capex plan for the coming year?

Ma'am, I would also like to know from the company that you all will be having this sampling of the products and in many cases, many of your products are not available in Mumbai City. That becomes a problem for marketing our products. When I see your annual report, I see that there are many, many good products, especially I love this Heineken beer, very good, it is a whole family enjoys it, but many times the availability is not there in Mumbai City, especially in our Dadar Mahim area and I would like you to, do you do any consumer survey in Bombay city, please let me know about that and please give

me the name of a contact person available in Bombay, through which we can communicate for your products. Your [multiple speakers]

**Speaker 2:** Thank you ma'am for your questions and your queries.

**Speaker 3:** Please, please kindly do that. And ma'am please, you have wasted enough time in conversing with us. Opportunity, this is shareholders' meeting, not your meeting. Okay?

**Speaker 2:** Absolutely, ma'am [multiple speakers]

**Speaker 3:** Yeah, please.

**Speaker 2:** We will proceed to our next speaker, shareholder. Thank you so much for your questions.

**Speaker 3:** [multiple speakers] just only once in a year. Thank you.

**Speaker 2:** Sure ma'am. Thank you so much for your questions and queries. We'll be proceeding to our next speaker, shareholder. We have with us Mr. K. Sadananda Shastri. Sir, do we have you, if you could please unmute yourself and proceed with your questions or queries?

**Speaker 1:** Yeah, may I also request all speaker shareholders to really focus quickly on the questions because we have a limited amount of time. So, we will be very grateful if you – you know, we will take your congratulations and all your greetings as accepted so you can focus straight on to the questions.

**Speaker 2:** Thank you, chairman. We'll go back to our next speaker shareholder. Do we have Mr. K. Sadananda Shastri with us? Sir, if you could unmute yourself? Do we have Mr. Shastri one more time? We do have Mr. Shastri with us. Just give us a moment, we'll get him on board so that he will be able to ask his questions and queries. One moment, ladies and gentlemen. Mr. Shastri requesting you to kindly unmute yourself.

**Speaker 4:** Hello. Hello.

**Speaker 2:** Yes, proceed sir.

**Speaker 4:** Hello.

**Speaker 2:** Yes, sir.

**Speaker 4:** I'm Sadananda Shastri. Can I talk?

**Speaker 2:** Yes Sir, you [multiple speakers].

**Speaker 4:** Okay. Okay. Okay. Okay. Very good afternoon. I'm Sadananda Shastri from Bangalore. My number is 11702201. I take an opportunity here to wish a speedy speedy speedy recovery to our Kiran Majumdar. Sir, one more thing is the you are the backdrop of AGM, (inaudible) decorum of the meeting. Actually, it is a special meeting, we should have displayed that this one of the (Inaudible) whatever it may be, that is the AGM's meeting and the date also. Okay, one more, this one is first and foremost is

with this video conference is fit for nothing. Neither we can approach you, nor we can convey as physical is the only the solution. Generally annual report starts from chairman's report. In this report, chairman is nowhere available to see even first page to the last page, the image and the name also, what is the reason? Next is page number 15, for responsible consumption, you have selected only the truck drivers, why not other vehicle drivers, the taxi drivers, car drivers, they are more in number. Page number 16, in standalone, other income decreased by 226 million, operating profit affected with the negative growth much despite increasing the sales. The sales is more also, what is the reason? Main raw material is barley you have said. Why can't the companies seek alternative also to maximize production through R&D process because it contributes a major revenue to the exchequer of the country.

Sir, in promoters share holdings 8% from Dr. Vijay Mallaya, any attachment order is there because it shows the uncertainty, and utilization and voting rights affects. Again, in standalone that is page number 72, 2,271 million towards a deferred tax created last year it was nil, what is the reason? Page number 73, steep negative growth in operating profit by 31,106 millions, net profit by 13,500 million. What factors are the reasons to such a drastic reduction? Page number 100, trade receivables, major portions are unsecured, what strategy you have adopted to minimize this? Page number 112, our expenses, heavy loss allowance of 3,100 million more easier mark. It is a loss to the company and again to customers, how it can recover? Page number 138, consolidated balance sheet, borrowings abnormally reduced, but your finance cost is more, very more, very much more how it works out in this condition?

In P&L, revenue from contract, contracts, sale of goods not mentioned, what contract and sale of goods implies in the company's calculation sir, because the contracts and the sale of goods should be appear in the account head of the P&L, and then again bad debts reduced but allowances more what is the reason, sir? Sir, with this, I conclude and next year we do not want this video conference. It is fit for nothing. You can see again in next year, there is the meeting venue what you have regularly conducting. Thank you very much.

**Speaker 2:** Thank you Mr. K. Sadananda Shastri for your feedback, your questions and your queries. We will now be proceeding to our next speaker shareholder we have with us Mr. Asti Bisania [ph]. Sir, do we have you with us? Okay, we move on to our next speaker shareholder ladies and gentlemen presenting to you Mr. Santosh Kumar Saraf. Sir, requesting you to kindly unmute yourself. One more time, we have with us speaker shareholder, Mr. Santosh Kumar Saraf.

**Speaker 5:** One minute, one minute [Inaudible]

**Speaker 2:** Sure sir.

**Speaker 5:** One minute. नया, नया system हम लोगों के लिए है ना, मैडम।

**Speaker 2:** No problem, sir.

**Speaker 5:** क्या मैं हिन्दी में बोल सकता हूँ?

**Speaker 2:** हाँ सर। You may proceed in Hindi. हिन्दी में बात कर सकते हो।

**Speaker 5:** कर सकते ना?

**Speaker 2:** हाँ।

**Speaker 5:** माननीय सभापति जी, और मेरे (inaudible) ऊपर और मेरे (inaudible) भाइयों बहनों, जो आज videoconference के दिन हमलोग present हैं, आप सभी को मेरा नमस्कार। आपके स्वस्थ की कामना करता हूँ मैं। आशा है कि आप सभी अच्छे से होंगे क्योंकि बैंगलोर की position बहुत ज्यादा खराब है, बहुत ज्यादा चिंताजनक है। मैं Board को धन्यवाद देना चाहूँगा की इस समय में भी उन्होंने दो रुपया पच्चास पैसा का dividend announce किया। बहुत अच्छा है। हाँ, dividend कम है, लेकिन मैं मानता हूँ की अभी COVID (inaudible) पूरे साल भर चलेगी और कब तक रहेगी किसी को नहीं पता है। इसलिए आपने पैसा (inaudible) किया है, इसके लिए मैं बहुत-बहुत धन्यवाद दूँगा। और सर, ये है है कि आपने बताया है कि इस बार COVID के अंदर में percentage of beer की sale बढ़ गयी है, तो कितना percent से बढ़ी है है बीयर की, ये बताइये COVID के कारण।

दूसरा सर कि जब COVID की situation साल भर चलने वाली है इसको tackle करने के लिए और supply को continue करने के लिए, management क्या step लेगा बताइएगा, क्योंकि अभी transport की situation बहुत खराब है, तो माल एक जगह से दूसरे जगह जाने में काफी तकलीफ होती है। एक सर अपने employee हैं, 3207 total employees हैं, उसमें female employee 149 है, one forty nine. इसके percentage बहुत कम है सर, 4.6% है सर। मैं समझता हूँ कि ये women की employee की position बहुत कम है। तो इसको increase करिए सर, because we want to self-depend the women, for their social condition If not give a service, how can they be self, self-dependent. So, I request management to look out the first possibility to give more and more job to female, women they can become a self-dependent and self-reliant. और सर, you have a physical shareholder of 5262 shareholder, having one lakhs, 14,92,000 (inaudible) share (inaudible) consolidated [ph] this folio sir. Vote can be consolidated [ph] if same identity ,identical, same joint system, and same (inaudible), you can be take the decision and consolidated [ph] these folio to beer, reduce the our expenses. Because the, if these folio (inaudible), you have to printed all balance sheet, annual report, (inaudible) report, sending to (inaudible), you can take the decision to consolidated [ph] in the same manner, same as did they are having holding multiply [ph] folio sir. Sir, (inaudible) का page no. 66, near about 41 cases are pending from 2001 and 2002, these are simple as it is. Year after year, additional cases (inaudible). I request you if it is possible, you can be solve this with सबका विश्वास, and विवाद के विश्वास skill, if it is possible sir. Sir, I request to company secretary, Mr. Govind Iyengar to give his ACS number where it may be appear. Because as per company rule 2013, you have to provide your registration number or authenticate to everywhere, (technical difficulty), I request you otherwise, this is avoid (inaudible) under Company Act 2013 sir. Request the company secretary to follow the next year and give the number sir. Sir, I not take a maximum time, please tell me how many shareholder to be attended the videoconference meeting, sir? What is the number of those shareholders? One (inaudible), last year physical meeting was held at UB and now videoconference meeting, what is the expenses of last physical meeting including printing of the annual report, printing of the notice and posting of the notice (inaudible) from outside to attend this meeting. Their expenses are related to annual meeting. Now, you tell me what is the expense, because I think videoconference meetings are good, because I am from Kolkata, never attend the United Breweries meeting because that meeting is held in sometime

in August, I am Bangalore in the, up to last week of July. Of that visit, I attend so many meeting in Bangalore, Infosys, Wipro and Mindtree, (inaudible) but unable to attend any kind of this meeting. So, I request to you to, in future, if you have a physical meeting, you (inaudible) give me 15 minutes for videoconference meeting, we can be spill [ph] our view and our query to you, sir. Because I attend last (inaudible) meeting, Infosys meeting (inaudible). They kept a time for videoconference meeting along with physical meeting. I hope you can be, you be same. Thank you for giving me the time. जय हिन्द, जय भारत। जय सर। आप सभी के स्वास्थ्य की और आपके जितने staff और जितने भी salesmen, उनके स्वास्थ्य की कामना करता हूँ और आशा करता हूँ सब स्वास्थ्य रहेंगे, अगले साल फिर आपसे मुलाक़ात होगी। जय हिन्द। जय (inaudible) समय के लिए नमस्कार सर।

**Speaker 2:** Thank you, Mr. Santosh Kumar Saraf for your queries and your questions. We will be moving on to our next speaker shareholder. We have with us Ms. Chandravati Ghatani. Ma'am, do we have you with us? One more time our next speaker shareholder Ms. Chandravati Ghatani. Can we move on to our next speaker shareholder, we have with us Mr. Ravi Kumar Naredi. Mr. Ravi Kumar, requesting you to kindly unmute yourself. One more time, our next speaker shareholder we have with us Mr. Ravi Kumar Naredi. Do we have you with us sir, if you could please unmute yourself? Yes, Mr. Ravi Kumar, you are on, you can proceed with your questions. Mr. Ravi Kumar, you've muted yourself, could you kindly unmute yourself?

**Speaker 6:** Respected chairman, MD, eminent Board of Directors, employees of company and fellow shareholder. Sir, if you give all directors along with their names in annual report, it will be more attractive sir. I would like to know Ulta Ultra Witbier is great success, so are you launching other than Goa and Karnataka soon? How big is non-alcoholic market for company at present? Are we marketing any cash profit in this segment -- are we making any cash profit in this segment? Are you planning to acquire any new company in India as due to COVID, so many companies are available at throwaway prices? Whenever online sales started -- wherever online sales is started, how is the outcome, are we getting good response?

If we are having pending so many cases of income tax, service tax, excise duty, are we planning to settle in government new scheme sir? Any capex plan in next two years? Are we emphasize more on capex or outsourcing, please tell your thing, view? In annual report, we do not find other than promoters (inaudible) of 10 main shareholders, how this mistake arise? How is performance of July and August month? Sir, in some AGM, we see whenever shareholder finish a speech, MD gives reply and if anything pending, shareholder remain online, may ask again. Then, next shareholder turn comes. This system we like very much. If you make, it will be very convenient to shareholders also. Thanks to give me opportunity to ask the question in AGM sir.

**Speaker 2:** Thank you Mr. Ravi Kumar Naredi for your questions and your queries. Ladies and gentlemen, we will now move on to our next speaker shareholder. We have with us Ms. Kriti Shah. Ms. Kriti requesting you to kindly unmute yourself and then proceed with your questions and queries. In a moment, we will have Ms. Kriti join us. We will get back to Ms. Kriti in a bit. We move on to our next speaker shareholder. We have with us Mr. Deepankar Kurkyastha. Sir, if I could kindly request you to unmute yourself and then proceed with your questions and queries.

**Speaker 7:** Yeah, good morning. So, first of all, let me endorse the views of the other shareholders who have requested for the continuation of this meeting in this format because it enables non-Bengaluru based shareholders to participate. Next year, MCA and SEBI consent, I would request you to continue in this format. For the Bengaluru based shareholders, you can have the physical meeting, then interface, video interface for the non-Bengaluru based shareholders. Now coming to questions, online sale of alcohol, which some states have permitted, in how many states has UB enable to sell beer online and do you expect this online sales to become an important channel in the future, and just let me know globally how important is this channel for Heineken? Now one of the constraints for consumption of beer at home is the lack of storage space because the refrigerators in India are generally on the smaller size as compared to those in the west. So, any thoughts on how you plan to overcome this constraint? I mean, can we think in terms of small cool boxes where you can store the cans and bottles and bundle this with sales of packs of cans because this could be an increasing constraint as we go down the road. Coming to non-alcoholic beverages, only what is the proportion of these beverages represent of Heineken's total revenues?

Now selling non-alcoholic beverages would require an extensive cold chain distribution network. People like Pepsi and Coke have worked for years and years in setting up these networks and have invested a lot of money. So, what is the investment plan by UB for this and how long will it take to do this and when do you expect this an alcohol beverage, I mean non-alcoholic beverage business to break-even? And one more question is what is the sugar content of these non-alcoholic beverages, which you are selling? I mean, how does it compare to the sodas which Coke and Pepsi sell because if it is substantially lower, this can be marketed as a far more healthy product as compared to those sodas.

Coming to the audited accounts, the auditor's remarks on internal financial controls have talked about the need to strengthen credit assessment for export sales. The director's report in their compliance remarks. They don't touch on this aspect, they only talk about how they have improved KYC on export customers. Improving KYC is not improving credit assessment. So, what are the process and system changes made in credit assessment, so as to comply with the auditor's remarks? So, I think that's about it. Thank you and good day.

**Speaker 2:** Thank you, Mr. Kurkyastha for your questions and queries. Ladies and gentlemen, we now move on to our next speaker shareholder. We have with us Ms. Vasuda Vikash [ph]. Ma'am, requesting you to kindly unmute yourself before you proceed with your questions.

**Speaker 8:** Can you all hear me?

**Speaker 2:** Yes, ma'am. You are audible. You may continue and proceed with questions.

**Speaker 8:** Good afternoon to all. I would like to congrats our company secretary and his team for sending the soft copy of the report well in advance. I would like to ask few questions. What is the impact of COVID-19 on our current employees? Please throw some lights on your views on post COVID-19 situation on our China business. Third one, please throw some lights on R&D expenditure. Fourth one, who are our main competitors? Fifth, please throw some lights on CSR amount Rs. 62 lakhs. With these, I support all the resolution. Thank you very much.

**Speaker 2:** Thank you Ms. Vasuda Vikash for your questions and queries. Ladies and gentlemen, now that we have concluded the questions and queries from our speaker shareholders, I hand over the platform to the chairman of this annual general meeting to proceed with the annual general meeting.

**Speaker 1:** Thank you very much and thank you to all your speakers. We'll come back to you with responses to your questions. Let me now invite the managing director Rishi Pardal to review the last year's financial performance and speak about business operations.

**Speaker 9:** Thank you very much, Mr. Chairman, and good afternoon to everyone. I hope all of you are keeping well and safe. It is indeed -- I'm really humbled and privileged to have the opportunity to serve all of you and lead this company. For someone like me back into the country, into a company that is an icon in Bangalore, running some of the largest consumer franchises at a time when make-in-India at a time when acting local is becoming the need of the hour for our nation is indeed a privilege. Like the chairman referred to in his speech, last year was, saw a lot of sluggish performance, which happened due to a number of factors in the external environment. We had unseasonal rains on the one hand, we had elections on another and all of this really impacted our ability to grow in-line with our long-term objectives.

However, there were a number of good things that happened and it would be inappropriate not to mention those. To start, we had the launch of some very, very strong products that saw very good initial traction. Kingfisher Witbier (Inaudible) were indeed examples of this. During the course of the year, we also saw brands like Storm cross important milestone in terms of the number of cases that were sold. We also saw a great degree of investment and consumer engagement and strengthening of the Kingfisher franchise. At the same time, the company was able to leverage its international tie-up with Heineken to launch and strengthen some of the products from the international portfolio. All of this meant that while the opportunity to grow was limited, the teams did a fabulous job in containing costs and as the chairman mentioned, spent quite a lot of time putting this all and adding new capabilities for the future.

I would like to take a moment on your behalf to thank the teams for the outstanding work they did for the extra mile they traversed in order to deliver a very good contribution in light of difficult trading conditions. As the new financial year turned and we all know that towards the end of March, we saw the advent of COVID impacting not just India, but the entire world. A number of the shareholders in the preceding questions have also referred to what really happened and what the company is doing. Well, the impact on the company during COVID period stemmed from three factors. First, complete closure of market up to May 4 and that was dictated to by the lockdown.

The second piece was we saw the closure of the on premised panel and bars, which really contribute a large portion of our revenue. We also saw that taxation in various states were increased in order to augment the revenues of the state. A combination of all of this really meant that saw a shrinkage in demand after March 24. Our focus during this period, first of all, was to keep our employees safe, ensure that they have the right personal protective equipment, we had the right practices and policies to ensure that we could stop the spread of the disease amongst colleagues within the plants in our offices and everywhere that we did business. But we didn't stop there. We recognize that we are, first of all, a consumer-focused company. A number of our advertising and promotion plans were geared to engaging consumers during the time of COVID.

In the initial phase, we encouraged people with very innovative campaigns to Storm. Then, gradually as COVID lockdown extended, we used the opportunity to engage with consumers at home, brought the power of our properties to, to really give them a sense of purpose during the period when they were stuck and could not do the activities that they really loved. The third piece that we were really focused on was managing our costs, whether it is managing our operational costs or driving capex down to a bare minimum, this was something that we really focused on to make sure that we managed the P&L to the best extent possible. With all these actions going on, it was also time for the management to take a moment and reassess the potential of the market and where we are.

If you really look at the India story for beer, we have a really under penetrated market. Beer consumption in India is nowhere close to any of our comparable countries in Southeast Asia. That gives us the opportunity to know that growing this market has to be a key priority. The second part of the attractiveness of the Indian market is a young demographic with an average age of less than 30 years and that gives us the confidence that we have many more consumers who will enter the category at an appropriate age for many years to come.

And finally, it is the long secular growth of prosperity in the country. Now, I know short-term impacted by the economic impact of COVID, but in the long-term, rising prosperity and income in the country continues to give us the confidence that this is a key market to invest in. Looking inward, we look at our strengths in really four key areas. The first is that we have some of the biggest and best brand franchises in the industry. Kingfisher is clearly one of the largest brand franchises in the country and it is augmented by now the international expertise and franchises like Amstel and Heineken. We also have a number of local brands that, such as UB export in Karnataka or London Pilsner in, in Maharashtra, which we can use again for local connect. The second piece and one of the shareholders referred to this is that during the time of COVID, one thing that stood us in good stead is our vast network of breweries spread across the country. Even when there were restrictions on interstate movements, we are able to service the markets because of this large network and this really must be recognized as the key strength of the company.

The third is the strength of balance sheet going into this crisis, which was strong to start with and we believe that we have enough there to be able to carry us through the period of this crisis and emerge on the other side. And lastly, the capability and processes that we have as a team and as a bunch of professionals. If you take these strengths of the company and marry them with the potential of a country, we think that the story for UB is only just beginning. We will be able to get over this crisis and emerge on the other side even stronger if we do the right things and what are these right things that we are all talking about? The first thing is to lay the foundation of the future and expand the occasions of consumption.

Beer so far in this country has been an out of home product and we would like to take this category and unlock the beer at home segment. The second piece that we would really want to do is to have all the right pack formats, address the refrigeration challenge and so on and so forth that entering the beer at home segment will entail. Our plans are being worked on and we will come back to this group as things sort of, you know, unfold. The second area is to really have a sharp channel focus. As bars reopen and we think it's now a matter of time before bars start reopening across the country, we need to ensure that as the market leader, we not just allow the bars to be seen as safe spaces for our customers to go to but also leverage our properties and actively drive traffic to those bars. As the bars and restaurants become attractors of traffic and start growing their business, our prosperity will do. The third area that

we really want to focus on is cost. We want to re-examine end-to-end what is our cost base and where if any, do inefficiencies arise so that we can truly become a global low-cost company in the beer segment.

The next focus that we really want to talk about is working with governments to have a more rational tax structure. We know that this category heavily taxed to start with and COVID it became even more heavily taxed. Fortunately for us, some state governments like Delhi have already seen that you know the products are having elastic demand to price and have started rolling back the taxes. We are hoping that more such governments will follow and it is our endeavor to work with governments across the country to ensure that we have not just a rational tax structure, but even the relative taxation with beer and spirits is more logical. Today for example, on a per mL basis, the tax on beer is more than the tax on spirits. This is not a situation that we think is sustainable and we really want to work with the stakeholders to rectify this.

State governments have made a start in allowing more channels like online to start retailing. We take this as a welcome step. But lot more has to be done. It is now operational in only three or four states and we really need to make it available across the country. We also need to make sure that will work with various aggregators with various delivery companies to make sure that we can take beer to the homes of consumers in a temperature and in a time that most sensible for them to consume.

Finally, I would say, we have a lot of focus on managing water condensing [ph] and recharging the water bodies that in the communities that we are engaged on. We will continue this focus and make sure that we are a sustainable part of the community in the way we use resources, whether it's water or electricity, and absolutely enter a situation which is comparable to the best of the world. The COVID situation is not going to get easily resolved. The road ahead is not going to be smooth. It will be rocky and there will be many curve walls.

There will be starts and stops as local infections will create hotspots, but we do believe that with the market potential intact with our brand franchises are eye on the future and the fact that we have a team that is wholly dedicated to making sure that we unlock the potential of the market, we will get to the other side of this crisis, even more stronger and better than we were before. With that, I would once again warmly like to thank all of you for this opportunity to serve this company and I'm quite confident that with help of the team and all your (inaudible), we will take United Breweries to its next level of growth and profits in the years to come. Thank you all very, very much and with that, I would like to hand you to the Chairman, Mr. Madhav Bhatkuly.

**Speaker 1:** Thank you very much, Rishi and let me start now by responding to your questions and I think Rishi alluded quite well to the entire COVID situation and there were a few questions regarding the current situation that we are suffering, what's our outlook, and there were some questions in the chat window as well. I think it's important for us to understand that the predictability of the environment that we're in right now is extremely low. I don't think any of us have a clue. None of us have seen a playbook like this before. None of us have ever witnessed a pandemic before and let's hope that none of us ever do.

Even at the point at which we're started, it's complicated. Unlike many countries of the world, India actually moved from going from or classifying zones as red, amber and green and that created a bit of an asynchronous start from many states, cities and states going into re-lockdowns again and again. So,

you could have strange situations and there was a question on the supply chain. You could have strange situations where your supplier is in a green zone, but your brewery is in a red zone or your factory workers are not able to come. So, suddenly, from a synchronous world of pre-COVID, we are actually moving into an asynchronous world where everything is not quite starting together. In such a time, we have to recognize that it's an extremely turbulent environment, predictability is extremely uncertain and we have to really go and, and understand what to do literally day-by-day or week-to-week basis.

So, the, the, the entire management team is completely seized off the opportunity, they are on the wall, they're looking at it on a, on a fairly dynamic basis. So, to make a long-range plans in this environment is difficult. So, I just want to make sure that you know, we are all on the same page and you recognize that, that sort of dynamic challenge. There is also an issue where you know barely 50,000 out of our 85,000 outlets are working, and in addition, there is a significant component of our sales which goes in via the on-premise channels which is restaurants, bars, clubs, so on and so forth. That is virtually shut for us.

So, we are in a, in a, in a strange situation. We are not even sitting on a three-legged stool. We are probably on a two-legged stool right now. But considering that we are fairly confident of the resilience of brands, we are fairly confident that beer is highly under penetrated in India, we are fairly confident that because there is only 12% of volume of overall alcohol when many other markets of the world, it's in excess of the volume of hard spirits and the population in India is much younger, there is a long curve to climb for us. But let's recognize the challenges of the near term where visibility is virtually impossible for all of us across most organizations.

With that said, let me sort of move on to some specific questions. There was a – there was a question on, on the promoters increasing (inaudible) stake, Heineken, etc. So let me say that, you know, it's important to recognize this as a United Breweries AGM and what the promoters will do with their stake, not do with that stake is outside the purview of, of the company's affairs. It's an independent decision of the shareholders. There was also question on the status of shares with the Enforcement Directorate. Yes, these shares have been attached, but you have to recognize that the, that the ownership still lies legally with the beneficial owner continue to exercise rights and until such time that this matter is decided in its finality. So let's just, you know, watch this and we will leave promotor issues out of the issues of the main company.

There was a question on the increase in inventory of stock and this is an important part to what I said earlier as well, that the April to March quarter -- April to June quarter is our busiest season. As we were entering that period and usually, you know, that's what we end up building up in March, the buildup of inventory is a buildup of raw material inventory, glass bottles, finished goods, etc. It just so happened that in a normal course of operating, operating activity or under normal circumstances, a lot of this liquidity or a lot of this inventory would have gotten liquidated by 31st of March, but we went into a lockdown where everything shutdown, as a result of which what you see is us preparing for a busy season, but not being able to harvest it because we went into a lockdown in the second half of March.

I, We take your point on figures in crores and there is a debate in terms of whether it should be in crores or in millions and there are many who now have moved to millions and some move in crores, so we'll just stick with what the majority want. The fall in EBITDA is also, you know, somewhere [ph] if it is associated with the, the points that we made in -- Rishi made earlier and, and which were covered in

the chairman's speech as well. We saw 4% decline in volume. Whilst we continue to rationalize costs improve through product mix, the reality is that there was a degrowth of about 4% in volumes. We also suffered from cost pressures, whether it was barley, whether it was glass bottles, and as a result, there was fall a EBITDA. Also, had to take some write down in inventories at our end because of obsolescence that occurred. In beer, if your inventory is older than a certain point of time, then it becomes unsalable and the lockdown really caused some element of it, which couldn't be pushed out into the system. So that would explain the fall in EBITDA.

It's not possible for us to give you a guidance on the CAGR over 10 years of the company. Suffice to say that, you know, we have consistently maintained market share, we've had best in class of growth, and our effort is very much in that direction both to increase volume as well as value. We also want to value migrate our product mix and improve the share of the sort of more profitable brands as well as the premium brands. So hopefully that will contribute over a multi-year decade. The team has duly (inaudible) about availability in Bombay and we'll deal with it and address with it, address that particular aspect.

On the defer, deferred tax issue, let me just look at it or try and explain it in, in, in greater detail. One of the reasons why -- so during the course of the current year, we had a deferred tax recognition about 28 crores versus a deferred tax liability of about 11 crores in the last year. One of it was -- one of the reasons was the foregoing additional depreciation due to the new tax structure resulted in increasing the written down value of our, of our assets, Income Tax act [ph] by about 46 crores resulting in a, in a reduction in the deferred tax liability by about 12 crores. There was a reduction in net deferred tax liability of about 3 crores because of a tax rate change, which declined from 34.94% for us to 25.17% [ph]. There was also an increase in the provision for doubtful debts at our end, which created a deferred tax asset of roughly about 8.3 crores.

There was a provision for gratuity in the provident fund and leave approvals which resulted in a deferred tax asset of roughly about 5.3 crores and GST caused towards input credit created, credit of roughly about 4 crores, increase in provision for market fee and capital gain liability on assets held amounting to roughly 12 crores created a deferred tax asset for about, of about 3 crores. So, and the net reduction in deferred tax liability -- and there was a net reduction in deferred tax liability of about 3 crores because of the reduction in tax rates. Steep negative growth and operating profit had sort of coded in the, in the response to EBITDA.

On trade receivables, what is our strategy. A significant component of our trade receivables is from governments. So, you could argue that this is sovereign, and hopefully the government is unlikely to default. So far, we have seen delays but we haven't seen denial from the government in, in all the history that we've worked with them. So, we feel fairly confident that this money will occur and at all points of time, the company sees it of trying to reduce its working capital on a consistent basis, but we have to recognize that in the current environment that we are in, everybody is precariously balanced, the state governments are not in a position to pay us quickly. Some of our distributors are in a similar position. So, like all companies virtually that exist in India, we have to support the trade so that they might be able to support us when things return back to normal.

There was a question on, on debt rising and finance or debt, sorry debt being lower and finance cost rising. The simple answer over here is that what you see at the end of the year is the cutoff at the, on the 31st of March. So, if it has declined, it may have declined a few days before 31st March. So, the

balance sheet will cut itself off on 31st of March and as a result of which the decline in debt that you see may not be the debt levels throughout the year. Having said that, we have managed to see or create a change in our debt profile, where we have been able to reduce the cost of funds by almost 100 basis points or more at our end by repaying money that we owed Rabobank, which was a term loan, which will have disappeared from the books, but that has gotten replaced by working capital, which has been significantly cheaper.

So, there's been an element of refinance in our books as well. On the sales of, on the sales impact as a result of COVID, we've alluded to what those, what those were and Rishi has also covered this in his speech in his presentation. On your point of increasing women workers, we take your point where an equal opportunity employer and I'm sure Rishi will be conscious of some of your advice in this direction and I know in the past as well, Kiran has made this point very eloquently in meetings. So, we are seized of this and hopefully you'll see those numbers rising.

On 41 pending cases, it's important to recognize that a lot of cases exist because there is two sides have a completely contradictory view, our view may be different from that of the government. In many instances or some other parties from what we understand, we are in a fairly good position for many of these. Some of them are also function of high-pitched assessments by many tax authorities and as a result of which one of you speakers alluded to signing up to vivad se vishwas and those may not be applicable in instances where we believe that the assessments themselves were high pitched and we have a good case based on the advice that we have received.

We have no idea in terms of how many people are attending at the moment live by way of video conference. This is a number that we may be in a position to give you after the AGM. You can be in touch with, with the, with the company secretary for further information. How big is non-alcoholic beverages. At this moment, it is small. We are a relatively new entrant and if you notice, India itself has seen non-alcoholic beverages only in, in the sort of recent year. Our goal is to try and you know, capture a completely new set of consumers over a period of time and expand the presence that we have across the market. We take your point that Pepsi and Coke have invested significantly in the cold chain and it is, it is something that the company is seized off. But we're also, I think, in a fortuitous position that we can exploit the online and the internet channel as well in the non-alcoholic beer space and also work with several delivery aggregators in India, you probably know, know them as Zomato and Swiggy who are also potential partners for us.

So, the scalability of the non-alcoholic beverage market is very high. In international markets, wherever say Heineken has had a presence, they have been able to scale up quite significantly over a fairly short periods of time. But that is not to say that that might be the India experience. We are at the moment excited about it. But let's watch this space as it goes.

On the auditor's report on export sales and the need to strengthen the credit assessment on the export side, thank you very much for pointing it out to us. We have been seized of this, this is not a qualification but merely an observation. It's by the auditor. What we have done and I will sort of candidly say and this was well before the audit for the financial year ended, we appointed KPMG to actually look at all internal control processes across the organization and this was a board initiated move about 6 months ago, they should be in a position to contribute very significantly, not just to export sales, but to strengthening assessment of processes and where we need to strengthen over the, on virtually every aspect of the business and hopefully, we will treat this as an ongoing exercise not necessarily as a

function of the, of anyone's observations, but it's a good idea for us to have a good health check on a regular basis and try and upgrade our own operating standards. We don't want to falter anywhere. We want to set our own benchmarks and we want to build our own role.

On, on impact on China, we really do not have any meaningful sales into China. So, in that sense, that question is not material for us. So, I am unclear in terms of what specific information that we could give you. There was also a question on the COVID-19 impact on employees, we are adhering to every possible precaution that any manufacturing entity would. We are doing it in our offices, we are doing it in factories, whether it is social distancing, whether it's masking and I believe Rishi has also initiated a process by which we will do some random testing as well on, for COVID and as a result of which we are trying to build in several additional protocols, which we didn't have a few months ago. But this is again, something where everybody is learning on the fly and we will continue to upgrade these protocols on a continuous basis recognizing that we will keep learning more and we will recognize that there is a lot more to do as, as things progress.

Let me just check if I've missed out on any other questions, so bear with me for a minute. Yeah, there was a question on the royalty play, that we pay. Yes, we currently pay a royalty to Heineken. The percentage is 7% on an average in year 2019-2020, the numbers are very small at 8 crores. There was a question on whether the shareholding from the Enforcement Directorate can be acquired or not again, I will not answer that question that is really an issue in terms of what the Enforcement Directorate does and whoever decides to acquire it.

The reason for the increase in overall debt, the net debt is up by only about 30 crores and there was a question in terms of how much we have spent specifically on capex, it was 430 crores. Yeah, capex plan for 2021, again this is a function of the environment and the environment is very fluid. But as we, we have roughly indicated in some analysts meets that the number was roughly expected to be in the region of 200 to 250 crores. There was a question on why only truck drivers has been, have been considered for safe drinking, it is the beginning that we have made and there is no reason why we cannot expand this to safe consumption of alcohol across categories of people and the reason perhaps maybe if I might add a little bit truck drivers are included because perhaps they spend the greatest amount of time at high speeds and put themselves at the greatest level of risk and the incidence of drunk driving is the highest amongst truck drivers. So, maybe that's, that was a good place to make a beginning.

On doubtful debts, we, so we had a reversal of provisioning of roughly about 22 crores during the course of last year and there was a question specifically on other income as well and let me just sort of go into the details of that. So, other income for us is not really recurring in that sense. Last year, there was a number of 32 crores of which 22 crores was reversed for doubtful debts itself. In the current year, the reversal of doubtful debts is only about 2.7 crores. So, that itself, you know, sort of demonstrates or gives you an indication of how much of the swing came from just the reversal of doubtful debts. There is an amount of about 4 crores which was due to reduction in interest on fixed deposits. Last year, we had drawn on some debt in the anticipation spending it in capex that lay in our fixed deposit accounts and that accrued some interest, but basically I'd highlight that the other income is not really recurring.

Yeah, there was a demand for the ACS number of the company secretary which is already available in the AGM notice. There was a question on the top 10 shareholders of the company, you can write to the company secretary about this and I'm sure we would be delighted to give you more granular

information on the register of members. We've shares held in physical form, the company has no real control on who held, hold shares in physical form. It's really the decision of all the individual shareholder, but it's abundantly clear in terms of which way the Securities Exchange Board of India has, is driving this. It's difficult to sell shares in physical form. So presumably at any point of time that they wish to sell, they will have to be materialized that.

Expensing, expenses on printing of the annual board and conduct of the AGM physically, the answer is that the numbers are bare-bone minimum, though we don't have a precise number for it right now. I'm sure if you want more information on it granularly, the company secretary will be delighted to come back to you and give you that information at any point of time in the future. So, with that, I think we've covered bulk of the questions. If any of them have been missed, you're welcome to speak to the company secretary directly, get in touch with them and I'm sure he will be more than happy to provide you with responses.

Let me move on now to taking out the resolutions as per the AGM notice. Item number 1 is to receive consider and adopt the audited financial statements of the company, including audited consolidated financial statements for the year ended March 31, 2020 together with the annual reports of the auditor's and directors they're on by way of an ordinary resolution. Resolved that the audited standalone balance sheet as of March 31, 2020, statement of profit and loss and cash flow for the year ended March 31, 2020, auditor's report they're on together with a report of the directors to be and are hereby adopted. Further resolved that the audited consolidated balance sheet as at March 31, 2020, statement of profit and loss and cash flow for the year ended March 31, 2020, auditor's report they're on together with a report of the directors be and hereby adopted.

Item number 2, declaration of dividend by an ordinary resolution resolved that a dividend for the financial year ended March 31, 2020 at the rate of 250%, as recommended by the directors to be paid to (A). Those members whose names appear as beneficial owners as at the close of business hours on Wednesday, August 19, 2020 as per the list furnished by depositories, in respect of the equity shares held in electronic form. (B). Those members whose name appear in the register of members of the company as of Wednesday, August 26, 2020, after giving effect to all valid share transfers lodged with the company on or before Wednesday, August 19, 2020 in respect of equity shares held in physical form.

Item number 3 is to, is the reappointment of Mr. Christian August Joseph Van Steenberg as director by way of an ordinary resolution, resolved that Mr. Christian August Joseph Van Steenberg DIN number 07972769 who retires from the board by rotation be in hereby is reappointed as director of the company.

Item number 4, appointment of Jan Cornelis Van Der Linden as director by way of an ordinary resolution, I request the members to take the resolution as read. Item number 5, appointment of Rishi Pardal as Director by way of an ordinary resolution. I request the members to take the resolution as read. Item number 6, appointment of Rishi Pardal as Managing Director by way of a special resolution, amendment motion. The resolution circulated in the notice of AGM has been modified so as to delete the reference of Hong Kong to Bangalore in the said resolution. Necessary newspaper notice has already been issued and stock exchanges have been informed. The notice is available on the website of the company. Modified resolution is therefore proposed. I request the members to take the resolution as read with the above amendment motion.

Item number 7, payment of remuneration of up to 1% of the net profits of the company to the company's directors other than the managing director by way of an ordinary resolution, I request the members to take the resolution as read. Item number 8, borrowing of funds to augment working capital requirements by issuance of commercial paper on a private placement basis by way of a special resolution, I request the members to take the resolution as read.

I 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 M/s. BNP and Co., LLP company secretaries as the scrutinizer. The scrutinizer shall submit his report on remote e-voting and e-voting at the AGM within 48 hours of conclusion of the AGM. A 15 minutes of time is being granted to members for casting their 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. I want to take this opportunity to thank you all for participating in the AGM over video conferencing. I know it was completely different from what you'd be used to in the past and I'd like to now announce the 21st Annual General Meeting of United Breweries formally closed. Thank you very much. Stay safe, follow social distancing, wear a mask and take care of your loved ones. Thank you.