UNITED BREWERIES LIMITED

ANNUAL REPORT 2017 - 2018

TOWARDS A SUSTAINABLE FUTURE

Contents

OUR VISION

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

OUR VALUES

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

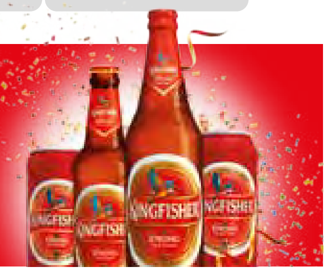
OUR BEHAVIOUR

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

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

Brewing excellence since inception

CELEBRATING 100 MILLION CASES WITH KINGFISHER STRONG.



STADIUM WAALI FEELING WITH THE KINGFISHER CRICKET PACK

The 2018 edition of the special Kingfisher Cricket Pack ensured that the association between Kingfisher and cricket reached every consumer across the country. The campaign 'Stadium Waali Feeling' was successful in bringing alive the feel of a stadium for fans everywhere. The campaign dominated visibility at bars and pubs and was appreciated by consumers.

PRANKING AWAY IN IPL 2018

Kingfisher heralded the cricket season with yet another clutter breaking communication - The Kingfisher Indian Prank League. Kingfisher was associated with 6 IPL teams this season and had iconic players prank their unsuspecting teammates in these films. The campaign had an extensive multimedia strategy to ensure maximum reach amongst the target consumers.

THE GOOD TIMES GAME

Kingfisher took up a strategic association with two popular teams of the Indian Super League – Bangalore FC and FC Goa.

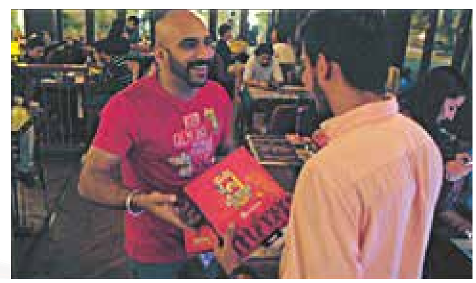
The association was amplified with two fun campaigns that brought to life the universal love and sense of belonging that fans have for their teams. This new initiative of 2017-18 helped to further strengthen the brand's connect with its consumers in these two important markets and bring the fans closer to their favourite teams.

FOOD TASTES BETTER WITH KINGFISHER

The Kingfisher and food association was strengthened with the intent of 'owning' every food occasion. Three brand films with humorous slice of life storylines were rolled out to seed in the thought of pairing Kingfisher with food across various occasions, further strengthening this proposition.

SUNBURN - THE BIGGEST PARTY EVER

Kingfisher continued to associate with Sunburn, India's biggest music festival and embarked on 'The Biggest Party' communication for mass media advertisement. More excitement was infused into the association through the 'Do It Yourself' Sunburn Can activation and the surprise and delight activity - 'Phone Booth Challenge' across pubs.



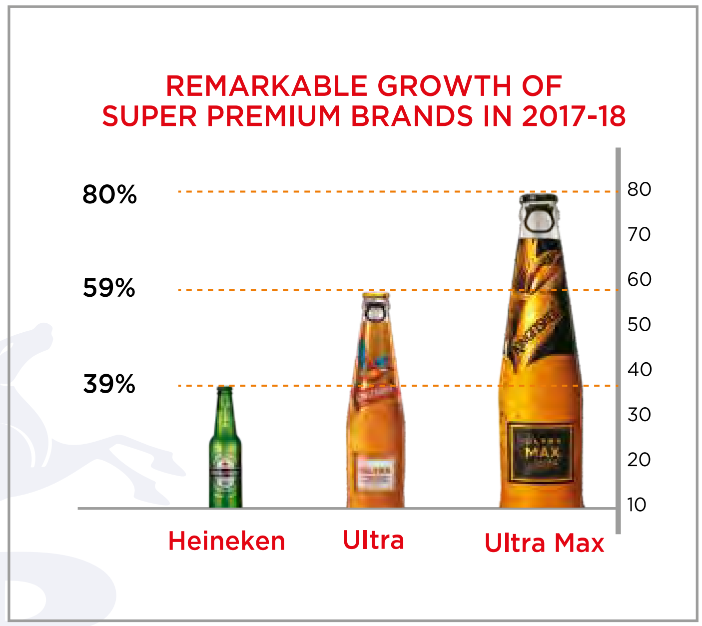
TURNING UP THE HEAT FOR THE YEAR

Kingfisher Calendar 2018 was yet another breathtaking one. Shot on the exotic beaches of Croatia, it continued to raise the glamour quotient for the brand. The Calendar was extensively promoted on digital platforms through relatable content like Travel Diaries and Model Diaries, maximizing reach amongst the brand's target audience.

ULTRA SHORTS

Ultra Shorts, the popular series of short stories on YouTube released its latest presentation – Rise. A story that resonates with the youth of today, it quickly garnered over 20 million views, and was one of the most watched web series of the season. The series also got acknowledgement at the Los Angeles Web Fest 2018.

Customers loved the Ultra Experience at this year's Mumbai Derby where they caught a glimpse of the star cast of Daas Dev. Ultra Max was also associated with the premium motorbike manufacturer, Ducati. This was a pan India association which further uplifted the brand imagery.



HEINEKEN – OPEN YOUR WORLD

Heineken's campaign 'Open Your World' aimed at breaking down social and mental barriers, inspired the open generation to progress without the crutches of external support or validation.

The Heineken 'Credentials' campaign was rolled out across key markets in 2017-18. The campaign highlights the provenance and global stature of the brand.

ONE MILLION CASES IN ONE YEAR!

Kingfisher Storm was launched in Karnataka, Maharashtra, West Bengal and Odisha this year. The brand witnessed universal appeal across each of the markets, selling a remarkable 1 million cases within a year.

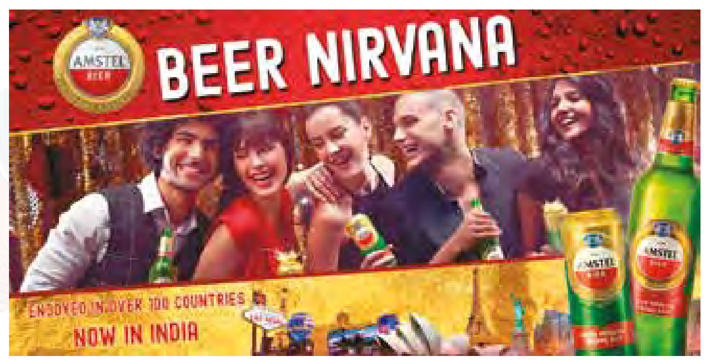
Kingfisher Storm was well supported with a multimedia campaign featuring Dr. Zeus, Zora Randhawa, Nargis Fakhri and the biggest of them all – Snoop Dogg, on the hit track WOOFER, which garnered over a 100 million views.

AMSTEL - NOW IN INDIA

This summer saw the launch of Amstel, the iconic Dutch beer from the Heineken NV's stable, to take on competition in the strong beer segment.

With the inclusion of Amstel, UBL will now be catering to consumers seeking the experience of an international beer brand in the strong beer category.

With a promise of giving consumers the ultimate bliss,



Amstel 'Beer Nirvana' comes with a 150 year old legacy and is available in over a 100 countries.

- 5L+ DOWNLOADS
- 11,000+ CLAIMS THROUGH THE APP
- 1200+ PARTNER OUTLETS ONBOARD
- ACTIVE IN 6 CITIES - DELHI, MUMBAI, BANGALORE, GURGAON, HYDERABAD AND PUNE

Pitchers, the biggest nightlife planner in the country now comes with an all-new loyalty rewards feature - Pitchers Plus. So, in addition to all the information about the best nightspots, live events and flash deals in each city, consumers can also enjoy exclusive loyalty benefits.

HUMAN RESOURCES

INTRODUCTION OF VARIABLE PAY TO DRIVE PERFORMANCE ORIENTED CULTURE

United Breweries Limited introduced a scheme of Variable Pay Plan from FY 2017-18, a performance-based pay plan in order to promote a performance-oriented culture.

THE OBJECTIVE OF INTRODUCING THE VARIABLE PAY SCHEME:

1. To align our compensation practices & pay mix with market practices:

Helps in managing internal employee talent pool & talent pipeline effectively by ensuring the alignment with market practices.

2. To reward employees on the basis of individual and company performance:

Ensures better alignment and linkage amongst company performance, individual performance and employee rewards. Higher weightage of company performance is assigned to the variable pay target of the senior management.

UBL UNIVERSITY
Where Leaders Grow

LEARNING & DEVELOPMENT

3000+ man days of learning

- Sales Force Training
- E-learning for all (Skill Soft Platform)
- Need Based Trainings-Customized
- Around the Machine Trainings at Breweries
- Organization Mandatory Trainings on COBC
- Coaching for Selective Senior Level Employees

E Learning

- Prevention of Sexual Harassment at the workplace
- UBL Code of Business Conduct
- Friday Reflections on pertinent topics sent out to all employees which connects the newsletter to relevant e-learning courses

Classroom Trainings

- Selling Skills
- Range Selling/Portfolio selling
- Safety Awareness
- MS Office
- Communicate to Connect

Coaching & Mentoring

Coaching Culture:
Key role holders were assigned external coaches. The intent was to strengthen the leadership abilities of the role holders.

DEVELOPING UBL LEADERS: LEADERSHIP PROGRAM AT IIM CALCUTTA FOR BREWERY HEADS

UBL believes in nurturing its leaders and making them future ready, in order to meet the multiple and diverse expectations required of them.

24 senior executives from Manufacturing were enrolled for a leadership program at IIM-Calcutta.

The objective of the program was to assess and develop core leadership competencies required to be more effective leaders.

EMPLOYEE ENGAGEMENT SURVEY 2018: THE TOP-LINE RESULTS

85% of the employees responded to the Engagement Survey rolled out in February 2018.

The company is at par or more than the industry average on 5 dimensions: Employer Brand, Enabling Infrastructure, Organization Reputation, Performance Management, Diversity and Inclusion.

The comparator organisations include the comparable basket of key consumer goods companies.

INDUSTRIAL RELATIONS

A dispute free IR bedrock is essential for the HR function in order to plan for a more development accented Business & People Agenda, as it frees us from negativity and allows us to plan the agenda versus reacting to situations.

In the last one year we have signed 10 long term wage settlements (LTS) across breweries with varied levels of maturity on part of the trade unions.

The credibility of our regional manufacturing heads, Unit HR Managers & brewery heads with our workforce and union members has enabled a situation where there is focus on value adding and productively enhancing aspects of the business.

STRENGTHENING GOVERNANCE: WORKSHOP ON UBL ETHICS FRAMEWORK CONDUCTED FOR ALL EXECUTIVES

In our commitment to be a responsible corporate citizen, UBL accords high importance to transparency, accountability and integrity in its business dealings. This is built into the core values and ethics of the company, and is critical in maintaining our market leader position. We have already formulated a structured Code of Business Conduct policy towards this.

It is essential for all the employees of the organization to have a uniform understanding of this policy.

To facilitate the same, workshops were conducted for the executive population, to take them through various policies covered under the Ethics Framework.

MANUFACTURING

RENEWABLE ENERGY

Our company is taking giant leaps in the field of green energy. As part of our sustainability initiative, we have adopted the use of alternate energy sources.

The company has taken the sustainability initiative by using renewable energy for electricity in 10 out of the 21 breweries. To this effect, we have used both Wind and Solar energy.

WIND ENERGY

Wind energy is being used at the three breweries situated in Karnataka and two breweries situated in Tamil Nadu. Wind energy now contributes 65% and 90% of the total power requirement of the breweries in these two states respectively.

SOLAR ENERGY

Solar energy is being used at five breweries:

- UBL Mallepally (Golconda)
- UBL Ellora (Aurangabad)
- UBL Taloja (Navi Mumbai)
- UBL Ajanta (Aurangabad)
- UBL GMR (Srikakulam)

Rooftop or ground mounted solar power plants have been set up at these breweries. The capacity of the solar power plants installed in these breweries ranges from 5% to 12% of the total power consumption.


Ellora


Srikakulam

As on March 2018, over 15% of our overall electrical energy usage is through renewable sources.

FOOD SAFETY MANAGEMENT SYSTEM (FSMS), ALSO KNOWN AS ISO 22000

FSMS is related to preventing the presence of food hazards in our products to safeguard consumers. UB has wholeheartedly embraced these standards. The breweries are certified after a 2-day stringent audit by M/S TUV Nord, a renowned Germany based certifying agency in India. The key highlights are as follows:

- 20 of the 21 Breweries are certified
- All the raw materials, additives, processing aids are 'Food Safe'
- 100% audit of all our suppliers is being undertaken to check for compliance to food safety norms. UB Chamundi has been awarded with 'Outstanding Performance in Food Safety Excellence' in the Category of 'Large Manufacturing Food Businesses - Alcoholic Beverages', for the year 2017 by the Confederation of Indian Industries (CII).

PROJECT UDAAN - TOTAL PRODUCTIVE MANAGEMENT

MY WAY – TPM WAY

In our journey towards 'World Class Manufacturing', Project UDAAN – Total Productive Management (TPM) was launched in May 2012. Now this initiative has reached 19 breweries and brewery teams have started adopting TPM in their daily lives.

KEY HIGHLIGHTS: 2017-18

- Organization wide employee development programs implemented
- UBL Ellora won 2nd Prize at the National Level Operational Excellence case study conclave 'Indizen-2018', organized by Kaizen Institute, Pune

PROJECT KAVACH – SAFETY FIRST, SAFETY ALWAYS

Persistent efforts with regard to safety resulted in reduction of incidents by half, as compared to the previous year.

KEY SUMMARY

- Proactive improvements identified through standardized Risk Assessment at all breweries
- Continued effort on safety awareness at all levels through wide coverage of safety trainings and various events
- Extended LOTO (Lock Out Tag Out) system to individual machines

KEY AWARDS:

- UBL Chennai received the prestigious Safety Management Award for the year 2017 from the Govt. of Tamil Nadu
- UBL Chamundi received 2 awards, 1st place from CII – EHS for 2017-18 and CII – Excellence in EHS with Five Star rating for 2017-18

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) at United Breweries Limited (UBL) is a long term commitment and is focussed on the communities residing around our breweries.

Water is a key resource in India and it is also a key input in our products. We have therefore identified initiatives in water conservation, replenishment and provision of safe drinking water to the communities in the neighbourhood of our units as the most important pillar of our CSR programme. In recognition of the fact that conservation of water is a very important national issue, UBL has committed to being a "water neutral" company by 2025.

Towards the fulfilment of this objective, we have worked with communities in implementation of rainwater harvesting and watershed management projects.

In addition to the theme of water, we have also undertaken programmes in the fields of primary education, health interventions around our breweries and in the socially sensitive area of responsible consumption of alcohol.

Our primary education initiatives are focussed on Government schools and include infrastructure improvement and teaching aids. The responsible consumption activity was aimed at truck drivers, who are an integral part of our supply chain.

Water

Odisha

Safe Drinking Water

- **Location: Khurda, Odisha**
- **Implementation Partner: Springhealth Water Pvt. Ltd.**

A needs assessment study in the villages around the Khurda Brewery highlighted the fact that drinking water from ground water sources is available to the villages for about 8 months in a year. For the balance part of the year water tankers provide water to the communities.

A safe drinking water project with the objective of reaching out to over 44,300 persons has been launched in 18 villages of Khurda, Odisha. In addition to providing safe water, the project has helped create livelihood opportunities, as it is an entrepreneur driven model.

The project is aimed at:

- Improving access to safe drinking water
- Providing a sustainable solution for drinking water
- Reducing drudgery for women
- Reducing the number of sick days resulting out of consuming impure water
- Promoting entrepreneurship and creating livelihood opportunities in the village

The project has adopted a new technology for purification of water. Chlorine Dioxide is being used in the water plant to eliminate pathogens. With low levels of Total Dissolved Solids (TDS), this new technology is the most appropriate.

Community mobilisation and sensitisation forms an important component of the project. Through events, cultural camps and trainings, the community has been made aware of the ill effects of drinking polluted water and its impact on health.

Rajasthan

Water Conservation

- **Location: Tijara, Rajasthan**
- **Implementation Partner: Sir Syed Trust**

The project is designed largely for recharging ground water by renovating indigenous rainwater harvesting structures and undertaking rainwater harvesting measures on private lands. Prior to finalising the project, a detailed participatory needs assessmt (PNA) was carried out by the partner NGO to identify the most pressing needs of the chosen villages. The PNA helped bring the people together and collectively discuss and prioritise their development issues.

Outcomes:

- **Inclusion of women**
- **Seven paals/earthen embankments constructed and two ponds renovated/rejuvenated to conserve water**
- **71 hectares of land levelled and successfully cultivated**
- **13705 trees planted on farm bunds**
- **27 women self help groups covering more than 300 families have been formed**
- **59 orchards with a survival rate of 89% have been promoted**
- **Kitchen gardening and vermi-composting promoted among 276 families**

Karnataka

Safe Drinking Water

- **Location: Nanjangud, Mysore**
- **Implementation Partner: ASSIST**

A safe drinking water project has been launched for 11 villages covering a population of about 17,250 people. In addition to provision of safe drinking water through eight RO water plants, the project would address sanitation issues in the selected 11 villages. The community would be sensitised to reduce open defecation practices and help the villages attain the Open Defecation Free (ODF) status.

Punjab

Ludhiana

Water Conservation

Water conservation projects have been initiated in Ludhiana and Patiala. Six ponds are being rejuvenated, with community mobilisation and awareness being important components of the project. Village water conservation committees would be formed to manage and maintain the ponds.

Kerala

Palakkad
Rainwater Harvesting

UBL has implemented a project on Rain Water Harvesting and provision of safe drinking water at Ganeshapuram. The area has been facing severe drinking water shortage, particularly during summer months. The project will meet the water requirement of 85 families having about 380 members. Both roof water and surface water harvesting structures have been installed to check the depleting water level and sustain the yield from the open well.

Haryana

Safe Drinking Water and Water Conservation

- **Location: Dharuhera, Haryana**
- **Implementation Partner: Akhil Bhartiya Gramin Utthan Samiti**

Basis a needs assessment, an RO based safe drinking water project has been launched in 10 villages in Dharuhera with the following objectives:

- To provide the community with equitable access to safe drinking water
- Encourage improved behaviour with sanitation disposal and drainage systems
- Ensure local self- government groups and community collective work to prevent contamination of the groundwater
- Revival of local water bodies

The project has helped provide access to clean drinking water to 31,247 individuals.

Education

Rajasthan

School Adoption and Enhancing Education Experience

- **Location: Tijara, Rajasthan**
- **Implementation Partner: Sir Syed Trust**

Education is an experience and United Breweries Limited under its Corporate Social Responsibility programme undertook the Enhancing Ambience and Quality of Education initiative for 10 Government schools in the Tijara tehsil of Alwar, Rajasthan. The objective of the project was not to merely improve the infrastructure for outer appeal but to give children an unquenchable thirst for knowledge and change the mindset of the community towards their growth.

Outcomes:

- Improved infrastructure along with separate toilets for boys and girls
- 507 new enrolments through effective enrolment drives and mobilisation support from women self-help groups
- Innovative teaching techniques like Teaching Learning Materials and storytelling formats
- Increasing engagements with parents and teachers for improvement of quality of education
- Summer camps and interactive education for 1,200 children

Responsible Consumption of Alcohol

India is a diverse nation with vast cultural variations amongst ethnic, religious and linguistics groups with varied alcohol consumption patterns across states.

With a rise in the number of drunken driving cases, sensitization on the effects of abuse of alcohol is the need of the hour.

Truck drivers are an essential link in our supply chain and their well-being is important for our growing economy.

UBL has launched a 'Responsible Consumption of Alcohol' programme to reach out to the truck drivers in our supply chain. The programme intends to cover all the truck drivers coming into our breweries.

637 truck drivers were covered over a period of six days across four of our breweries. This initiative will be continued to ensure coverage of all our breweries.

Health

Primary healthcare initiatives have been undertaken in the states of Kerala, West Bengal, Rajasthan, Goa, Karnataka, Maharashtra, Telangana and Andhra Pradesh. The initiatives are carried out through multiple mediums of health care centres, mobile medical vans and health camps in communities and schools.

Over 24,335 consultations have been provided through these initiatives.

Directors' Report

Your Directors have pleasure in presenting this Annual Report on the business and operations of the Company and the audited accounts of United Breweries Limited ('UBL' or 'your Company' or 'the Company') for the financial year ended March 31, 2018 ('the year under review', 'the year' or 'FY18').

FINANCIAL SUMMARY

Financial performance for the year ended March 31, 2018 is summarized below:

(Amounts in Rupees million)

FINANCIAL RESULTS	Year ended March 31	
	2018	*2017*
Gross Turnover	**124,266**	*102,282*
Net Turnover	**56,170**	*47,341*
Other Income	**130**	*516*
EBITDA	**9,141**	*6,928*
Depreciation and amortization	**2,596**	*2,870*
EBIT	**6,545**	*4,058*
Interest	**477**	*587*
Profit before Taxation	**6,068**	*3,472*
Provision for Taxation	**(2,128)**	*(1,178)*
Profit after Tax available for appropriation	**3,940**	*2,293*
Appropriations:		
Dividend on Equity Shares (including taxes thereon)	**366**	*366*
Transfer to the General Reserve	**394**	*229*
Other Comprehensive Income	**31**	*25*
Balance your Directors propose to carry to the Balance Sheet	**3,149**	*1,673*
Total appropriations	**3,940**	*2,293*

The Gross turnover of UBL grew by 21% on account of increased volume, higher realizations, favorable state and brand mix as well as price increase in certain markets during the year. The Net turnover increased by 19%.

EBITDA for the year under review stood at Rs.9,141 million as compared to Rs.6,928 million in the previous year, reflecting an increase of 32%. Depreciation for the year was Rs.2,596 million as compared to Rs.2,870 million in the previous year. Growth in operating profit was achieved by implementing strict cost control, higher capacity utilization and remedial measures taken to mitigate the negative impact of Goods and Services Tax where possible. Robust cost initiatives helped in eliminating unproductive costs which resulted in better margins. Interest cost decreased by 19% due to better working capital management and lower debt levels, as well as lower interest rates.

Profit before Taxation for the year stood at Rs.6,068 million as compared to Rs.3,471 million in the previous year, reflecting an increase of 75%. Profit after Taxation stood at Rs.3,940 million as against Rs.2,293 million in the previous year.

DIVIDEND

We take pleasure in proposing a dividend of Rs.2 per Equity Share of Re.1/- each for the year ended March 31, 2018. The dividend declared for the previous year was Rs.1.15 per Equity Share of Re.1/- each. The total dividend (including dividend tax) is Rs.638 million, which amounts to about 16% of the Profit after Tax.

RESERVES

UBL proposes to transfer Rs.394 million to the General Reserve.

CAPITAL

The Authorized Share Capital of the Company stands at Rs.9,990 million, comprising Equity Share Capital of Rs.4,130 million and Preference Share Capital of Rs.5,860 million. The Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2018 remains unchanged at Rs.264.4 million comprising 26,44,05,149 Equity Shares of Re.1/- each.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

During FY18 your Company delivered robust financial results despite significant regulatory hurdles and challenges faced by the Industry as a whole. In specific, the ban on sale of liquor on highways, lagging effects of demonetization, as well as increases in excise duties and changes in the route-to-market by certain States were several impediments against growth. Further, implementation of Goods and Services Tax (GST) effective July 01, 2017 contributed to increased input costs.

The most significant regulatory change was the introduction of the highway ban, which came into effect on April 01, 2017 and impacted growth in the first quarter of the year in particular. In the second quarter, some relief came from a Supreme Court clarification that States could de-notify highways passing through city limits, such that the ban would not apply to outlets located within city limits. This clarification resulted in a recovery of the industry and growth in sales volume.

Over the last five years, on an average, the beer industry recorded a steady growth of about 7% in volume terms. The per capita consumption of beer in India has increased by about 30% during that period. Given the favourable demographics in India, higher disposable income and affordability, changing cultural attitudes and a young, increasingly affluent population, consumption of beer is set to continue the steady growth pattern going forward. According to research by CISION, the Indian beer market is projected to grow at a CAGR over 7.6% during the period 2018-2024 driven by these factors.

The beer industry in India remains highly regulated with high taxation and government intervention in trade. In many parts of the country, wholesale and/or retail distribution is controlled by State Government monopolies. Also in over 60% of the markets, the respective State Government dictates the price at which beer can be sold. From time to time, significant regulatory restrictions and changes including prohibition pose a great challenge to the Industry as a whole. Conservative government policies, licensing regulations, restrictions on the sale of alcohol in certain states and a preference towards hard liquor are key reasons for the relatively slow development of India's beer market.

With about 2 liter per capita, beer consumption is extremely low as compared to above 21 liters in other Asian countries. Spirits like whisky, vodka, brandy and rum are highly preferred by consumers in India. However, a growing segment of consumers is shifting towards beer owing to its lower alcohol content. Whilst the strong beer segment far exceeds the mild beer segment in terms of volume, mild beer is expected to outperform the strong beer segment in terms of growth, driven by health-conscious consumers and moderate drinkers who opt for lower alcohol content.

Off-trade contributes a significant share of the volume of the industry on account of more reasonable pricing as compared to the on-trade. However, on-trade channels are anticipated to exhibit high growth rates in the coming years, owing to rising income levels. Canned beer is gaining momentum as it is easier to handle and can be easily transported from one place to another. Moreover, freshly brewed, on-tap beer is demonstrating healthy growth. There has been a trend of emerging brew pubs in large cities such as Bengaluru, Pune and Gurgaon over the last few years. These outlets have introduced consumers to new types of beers, e.g. wheat beer and India Pale Ale.

During the FY 2017-18 your Company added about 1.5% market share over the previous year volume and grew by 10%. This was the first double-digit volume growth since FY 2010-11. UBL's sales volume improved in key profitable markets, with strong market share gains in most large states across the country, especially in Telangana, Andhra Pradesh, Rajasthan, Orrisa, Tamil Nadu and Karnataka.

Kingfisher Premium Lager and Kingfisher Strong continued to add market share in their respective categories. Your Company's super premium brands continued to be among the fastest growing brands in the country, fueled by Ultra, Ultra Max, Heineken and a range of imported beer brands. Benefiting from a strong brand portfolio, established infrastructure, a highly skilled and dedicated workforce and several other factors, your Company continues to outperform the industry.

Impact of Goods and Services Tax

Goods and Services Tax (GST) was made effective on July 01, 2017. GST is a destination based tax on consumption of goods and services levied at all stages right from manufacture up to final consumption with credit of taxes paid at the previous stages available for setoff. The Central GST and the State GST are levied simultaneously on every transaction of supply of goods and services except on exempted goods and services.

The Government has kept alcoholic beverage industry outside the purview of GST. Since input materials used by UBL attract GST, it has resulted in higher tax incidence on input materials pushing up our cost of production with no tax credit availability. This has also resulted in a cascading effect on the profits of your Company.

The Management, however, has actively mitigated the negative impact through better commercial negotiation with the suppliers.

Sales and Marketing

UBL continues to lead in the Indian Beer market, with a volume that is more than twice that of its nearest competitor. Kingfisher Strong continues to be the single largest brand in the Indian beer market with sales recording more than 100 million cases for the first time. Kingfisher Premium continues to be the first choice of mild beer consumers across the country. The super-premium brands in our portfolio viz., Kingfisher Ultra, Kingfisher Ultra Max and Heineken are the top three fastest growing brands in the Indian market. These brands have been established in India as world class super premium beer brands. Kingfisher Ultra and Kingfisher Ultra Max are associated with Fashion and Style platform. Ultra Shorts web series had several stories and episodes released with combined views of over 30 million.

Heineken, one of the fastest growing brands in UBL's portfolio, has established itself as India's most premium brand. It leverages the Global marketing platforms of Football (UEFA Champions League), by associating with James Bond and Music. We have also created a highly successful India specific digital film for Heineken which achieved 20 million views across platforms.

The Company continues sustainable investment in brand building activities for Kingfisher in the fields of Sports, Food, Fashion and Music. We have a significant and market leading presence in the Indian Premier League T20 Cricket Tournament, the Indian Super League Football tournament, Kingfisher East Bengal Football Club and the Sunburn EDM festival. Our association with restaurants, bars, pubs, clubs and star hotels is uninterrupted. We have additional digital and television communication around the food platform with three interesting films.

The Kingfisher Calendar continues to maintain its high aspirational value. We have created excitement around this property and leveraged it on digital platforms in a large way. We have also launched Pitchers, India's leading Nightlife App, in Mumbai, Delhi, Gurugram, Bengaluru, Hyderabad and Pune.

We have also launched a highly differentiated and exciting new beer brand, Kingfisher Storm. The brand has been received very favourably by consumers and has achieved 1 million cases' sales in its first year. Going ahead, as we roll out to other markets, the prospects for this brand are very promising.

Catering to the growing demand for a premium, strong quality beer in the Indian market, your Company recently launched the iconic Dutch beer brand Amstel, a new International super premium strong beer in the Indian market. Amstel is a slow brewed and extra matured lager, internationally appreciated for its quality and enjoyed in over 100 countries across the globe. This launch brings another major imported brand into the UBL product portfolio. Currently launched in Karnataka, Amstel will be available pan-India in current financial year.

Supply Chain

Our manufacturing expenses for the FY18 amounted to Rs.26,412 million, representing 21% of sales, as against Rs.21,942 million in the previous financial year, which also constituted 21% of sales. This has been achieved through tight cost control in the manufacturing process in an environment of relatively high inflation.

Bottles remain our biggest cost element. Our decision to move to dedicated bottles with Trade Mark and design registration has ensured tight control on the cost of recycled bottles. In our endeavour towards reducing our environmental impact, we have adopted NNPB technology (less weight, less energy, less environmental impact) in about two-third of our new bottle purchases, which allows the company to source new bottles with reduced weight, better distribution of glass and with this the Company has got bottles at a reduced price, better stability and lower breakages.

Barley-malt is the basic raw material in the manufacture of beer. Barley prices in India fluctuate widely and availability is also scarce. Apart from procuring Barley-malt locally, your Company also imports barley from other countries to meet the demand.

Key material imports for the Heineken brand (bottles & labels) have now been localized and substituted with Heineken approved local vendors. This has ensured lower procurement cost and greater flexibility of sourcing. Softening of commodity prices coupled with better negotiations have helped us contain prices.

We are continuing our efforts to develop new varieties of barley in association with leading Government Institutes. We work with farmers in helping them cultivate barley and provide them with good quality seeds and offer a package of good practices in order to increase productivity.

Research and Development

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

Human Resources

Employees are your Company's biggest and most valuable asset. UBL provides a congenial working environment which enables success through ownership, camaraderie, freedom of thought and action. We nurture our human resources through mentoring, coaching, learning & development programs etc. We believe in celebrating milestones, both big and small and encourages its employees to connect, communicate and collaborate through various platforms enabled by the Company. We have employee friendly policies viz., leave, travel, medical etc. which keeps UBL employees happy and productive. The talent pool is refreshed from time to time by infusing new hires from premier colleges of the Country. Industrial Relations continued to be harmonious and peaceful at all levels and at all locations of the Company.

UBL has 2,837 employees on its rolls across all locations. The Company has not offered any stock options to the employees during the year under review. All the wage agreements have been renewed in a timely manner and are valid and subsisting. Workers and unions support implementation of reforms that impact quality, cost and improvements in productivity across all locations, which is commendable.

Total employee benefit expenses for the year stood at Rs.3,946 million, as compared to Rs.3,521 million in the previous year. This constituted 3.18% of revenue from operations. Employee benefit expenses were higher on account of salary increases. Your Directors place on record their sincere appreciation to all employees for their contribution towards the continuous success of the organization.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Over the years, UBL has striven towards sustainable development. It is interpreted as growing the company in a socially and environmentally responsible manner, while meeting the legitimate interests of the stakeholders. After all, to be truly successful, companies need to have a corporate mission that is bigger than just making profit. Your company and its employees are committed to the community we work with and the environment we extract our resources from.

With a population of 1.3 billion, India, with its diversity, faces multitude of social issues and ecological concerns. Your Company, as part of its Corporate Social Responsibility (CSR), works with the communities residing near its breweries as a starting point. Your Company has integrated CSR in its corporate strategy and intends to drive it with a vision to bring about sustainable social development for its co-communities. The CSR Policy of the Company is posted on the website www.unitedbreweries.com and is available through the link http://unitedbreweries.com/csr.

Under the Safe Drinking Water Programme initiated in 2015, we have covered another 28 villages in the states of Haryana and Odisha, during the year under review. Through this initiative, we have been successful in providing access to safe drinking water to nearly 75,600 individuals in these villages. Another project has been launched in Mysore, Karnataka. Until now, your Company has reached out to 59 villages covering nearly 1.54 lac individuals.

In addition to implementing rainwater harvesting and watershed management projects in and around our breweries, we have also undertaken recycling of the treated waste water within the breweries. With extensive measures, the practice of harvesting rainwater has been extended to the nearby communities by incorporating the necessary infrastructure.

Your Company intends to be a Water Neutral Organization by 2025 and our efforts have been focused in this direction. We initiated new projects in Haryana, Punjab and Karnataka. Ponds have been adopted for rejuvenation in these states and in Karnataka, rooftop rainwater harvesting has been undertaken in several houses in villages around Nandi hills. In our efforts to recharge the freshwater consumed by our breweries, by March 2018, we were able to recharge 53% water. Our water conservation efforts have resulted in the recharge of over 25,61,930 KL water per year.

UBL's initiatives in the field of education have been in tandem with its endeavors to enhance the educational experience and improve the quality of primary education for children, especially from the underprivileged sections. Our breweries across the country have adopted neighboring Government schools and supported them in meeting their requirements on a regular basis. In addition to this, we have focused education projects being implemented in Rajasthan and Karnataka. Your Company's efforts in certain backward regions of Alwar, Rajasthan have been concentrated towards giving a facelift to 10 Government Schools in terms of infrastructure and gradually to improve the teaching-learning experience. Last year, we re-built another Government Primary school in Gandharpalya in Karnataka along with the provision of a mini science centre. We established another mini science centre in Aslimpur, Rajasthan, in the Government High School, with 80 running science models. The education initiatives benefit over 11,000 school children.

In the last quarter, your Company, conducted a week long awareness programme on "Responsible Consumption of Alcohol" for truck drivers associated with UBL, at four of our breweries in Karnataka and Telangana. The awareness programme was conducted with a goal to make them aware of the implications of drunk driving on their financial and social wellbeing and received an overwhelming response in terms of positive feedback from the truck drivers.

Your Company continues to provide primary healthcare services to the communities where the need has been expressed. Health camps with the community and in schools have been conducted during the year. Mid-day meals have been supported for 1,666 children in Government schools of Mangalore.

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

Sustainability

UBL's sustainability reporting articulates its perspective on the emerging forces in the global sustainability landscape and UBL's response on multiple dimensions. For each of the three dimensions i.e. economic, ecological and social sustainability, we articulate key issues as well as opportunities that emerge and update our engagements.

Towards sustainability, UBL has undertaken proactive measures in water consumption, rain water harvesting and reduction in energy consumption thereby reducing the carbon foot print, energy and fuel consumption.

Your Company has adopted various energy saving measures by switching over to renewable sources of energy. During FY18, the Company generated 22,11,539 units of electricity from the roof top solar power plants set up at Mallepally (near Hyderabad), Aurangabad , Mumbai, Srikakulam and Dharuhera (Haryana) breweries. Further, your Company has started utilizing wind power at breweries located at Bengaluru, Mangalore and Mysore to the tune of around 71% of the total power consumption at these breweries. A total of 1,29,55,000 units from wind power was wheeled in to these breweries in this financial year. Your company started utilizing wind power at breweries located near Chennai. A total of 26,67,600 units from wind power was wheeled into these breweries in this financial year. On account of the shift from conventional sources to renewable energy, UBL has achieved a carbon foot print reduction to the tune of 15,159 tonnes of carbon di-oxide.

The overall renewable energy contribution for FY18 out of the total power consumption stands at 15.36% for our own breweries and 12.88% of the total power consumption for own and contract breweries.

UBL is in the process of rolling out its first Sustainability Report in the current financial year and the same will be posted on the website of the Company.

Awards

1) **Pollution Control Board:** Our brewery at Palakkad bagged Kerala State Pollution Control Board Award and ranked in First position under Large Scale Industries category.

2) **Confederation of Indian Industry (CII):** CII has conferred following awards to our brewery at Nanjungud.

   i. "Outstanding Performance in Food Safety Excellence" in the Category of 'Large Manufacturing Food Businesses – Alcoholic Beverages', for the year 2017. For the first time in India, an alcoholic beverage company has been awarded with this prestigious award.

   ii. Environment, Health and Safety excellence award and five star rating from Confederation of Indian Industry by standing 1st among 130 companies in South India in Food and agro sector.

3) **Kaizen Institute:** Our brewery at Aurangbad won second prize in National Operational Excellence conference "Indizen" organized by Kaizen Institute at Pune. We presented a case study on "Power reduction". This is the first time UBL has participated in this event wherein 32 case studies from various FMCG companies were presented.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

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

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

Government regulations in particular pose a significant risk to the overall alcohol market in India, including for beer. Examples include the ban imposed by the Supreme Court on sale of liquor within half a kilometre of state and national highways, prohibition imposed in Bihar effective April 2016 followed by ban on exports imposed in April 2017. Higher duties imposed by States on liquor also remains a major concern which is beyond the control of the manufacturers.

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

Emerging Craft Beer Culture – Influenced by trends from Europe and the US, India is rapidly developing its own craft beer culture with brands such as Bira 91 becoming popular among Indian consumers. Although India's craft beer industry is still nascent, the craft beer segment and demand for premium beer in general is estimated to be growing at a strong double digit rate albeit from a low base. Your Company is preparing a craft and variety beer offering of its own to capture growth in this segment.

Also, the concept of microbreweries is growing rapidly in the country. So far only a few States have issued licenses for microbreweries. However, with tremendously growing consumer demand for craft beer, other States are also planning to allow microbreweries in their regions.

Whilst the beer market continues to expand, your Company is looking at the larger beverage consumption occasions to further drive the growth of the business. For most adults the beverage choices for non-alcoholic occasions are limited. We have been working on tapping into this opportunity with a portfolio of non-alcoholic beers that deliver on refreshment and taste. These new offerings will also enable us to enter a much larger retail universe that is today closed to us. Our new offerings will be produced at our brewery in Bihar and are scheduled to be test marketed commencing the 3rd quarter of the current financial year.

A separate vertical has been created to drive this business in a focused manner so as to unlock its full potential. We see this business contributing significantly to the company in the years to come.

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

Prospects

With a market share of about 52%, UBL continues to remain a market leader in the beer industry in India. Young demographics with 50% of the population below 25 years of age and 65% below the age of 35 years, changing culture and very low per capita consumption are key drivers of growth of beer in India. The industry has been expanding regularly and it is expected that the next year too, the Industry will grow by about 6 to 8%. UBL shall continue its focus on innovative and effective marketing to lead the market. Your Company is hopeful of outperforming the industry in 2018-19 as well.

Growth in premium retail trade and on premise outlets in metropolitan cities has increased the range of beers and improved the retail environment. In a few States, the Government has issued separate licenses for sale of beer in super markets which signals good growth prospects for the industry. Innovative introductions also help in penetrating untapped markets and your Company's new introductions have fared well. Effective marketing strategies have helped us reinforce our position as the clear market leader in the Country. Our flagship brand, Kingfisher is almost synonymous with beer in India.

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

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

Risk Management

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

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

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

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

Internal Control System

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

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

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

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

OTHER INFORMATION

Subsidiary Company

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

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

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

Cash Flow Statement

A Cash Flow Statement for the year ended March 31, 2018 is appended.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under Section 186 of the Act are given in the notes to the Financial Statements.

Listing requirements

Your Company's Equity Shares are listed on the BSE Limited (formerly Bombay Stock Exchange Limited) and National Stock Exchange of India Limited. The listing fees have been paid to all these Stock Exchanges for the year 2018-2019.

Depository System

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

Deposits

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

Ratio of Remuneration and Particulars of Employees

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

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

Cautionary Statement

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

Employees Stock Option Scheme and Sweat Equity Shares

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

Related Party Transactions

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

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

All transactions entered by the Company during FY18 with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Familiarization programme for Independent Directors

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

Presentations are regularly made to the Board of Directors/Audit Committee/Nomination & Remuneration Committee on various related matters, where Directors get an opportunity to interact with Senior Managers. The Company has issued appointment letters to the Independent Directors which also incorporates their role, duties and responsibilities.

Whistle Blower Policy

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

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

Conservation of Energy

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

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

Code of Business Conduct and Ethics

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

Code for Prevention of Insider Trading

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

Directors

The Board of Directors (the Board) of UBL comprises two Executive Directors and a balanced combination of Independent and Non-Executive Directors.

The Independent Directors viz., Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal, Mr. Sunil Alagh, Ms. Kiran Mazumdar Shaw, Mr. Madhav Bhatkuly and Mr. Stephan Gerlich have been appointed for a period of five years till September 03, 2019. During the year, one meeting of Independent Directors was convened on June, 05, 2017. All Independent Directors have given a declaration that they meet the criteria of Independence as laid down under Section 149(6) of the Act.

Mr. Sijbe Hiemstra, a Heineken nominee Director resigned from the Board of the Company w.e.f. November 08, 2017 following his formal retirement from Heineken. In his place Mr. Christiaan A J Steenbergen was appointed as an additional Director on the Board w.e.f. November 08, 2017. Mr. Christiaan holds office of the Director till conclusion of forthcoming Annual General Meeting (AGM). Resolution for his appointment has been proposed for approval of Members in the Notice of AGM to be convened on September 17, 2018. Mr. Frans Erik Eusman, Director retires by rotation at this AGM and, being eligible, offers himself for re-appointment. Mr. Eusman is a Heineken nominee Director. Brief profiles of Mr. Eusman and Mr. Steenbergen form part of the Notice convening AGM.

Vide Order dated 25.01.2017 passed by the Securities and Exchange Board of India (SEBI) Dr. Vijay Mallya was restrained from holding the position as Director or Key Managerial Personnel of any listed company with effect from the date of said Order. Thereafter, Dr. Mallya did not participate in any Board Meetings and was not involved in taking business decisions of the Company.

At its meeting held on August 10, 2017, the Board of Directors of the Company observed that in normal course, Dr. Mallya, as Director would have come up for retirement by rotation at the AGM on September 23, 2017 in terms of Section 152(6)(d) of the Act. In the circumstances that SEBI had restrained Dr. Vijay Mallya from holding position as Director or Key Managerial Personnel of any listed entity, neither could Dr. Mallya offer himself for re-appointment nor could the Board of Directors recommend his re-appointment as Director of the Company at that AGM till such time the restraint imposed by SEBI Order was vacated or disposed off in favour of Dr. Mallya.

Thereafter, the Company filed requisite forms/intimations with the Ministry of Corporate Affairs, BSE Limited, National Stock Exchange of India Limited and other authorities notifying Dr. Mallya's cessation from holding the position of Director in the Company. The e-form filed by the Company in this regard with the Ministry of Corporate Affairs was approved by the Registrar of Companies, Karnataka.

Meetings of the Board of Directors and Committees of the Board

The meetings of the Board and Committees are pre-scheduled and a tentative calendar of the meetings finalized in consultation of the Directors is circulated to them in advance to facilitate them to plan their schedule. In case of special and urgent business needs, approval is taken by passing resolutions through circulation. During FY18, five (5) Board

Meetings were held. Other details including composition of the Board and various Committees and Meetings thereof held in FY18 are given in the Corporate Governance Report forming part of this Report.

Audit Committee

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

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

Nomination and Remuneration Committee

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

Policy on Performance Evaluation

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

Performance Evaluation of Directors

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

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

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

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

Remuneration Policy

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

Foreign Exchange Earnings and Outgo

During FY18 total foreign exchange earnings of the Company stood at Rs.2,233 million (Previous Year: Rs.48 million) and foreign exchange outgo stood at Rs.2,694 million (Previous Year: Rs.1,488 million).

Corporate Governance Report

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

Annual Return

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

Auditors and the Auditor's Report

Messrs S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No.101049W/ E300004) were re-appointed as Auditors of the Company by the Members at Annual General Meeting (AGM) held on September 23, 2017 to hold office till the conclusion of the 23rd AGM. In terms of Section 139 of the Act as amended by the Companies (Amendment) Act, 2017, notified on May 7, 2018, appointment of Auditors need not be ratified at every AGM. Therefore, the Notice convening the ensuing AGM does not carry any resolution for ratification of appointment of Statutory Auditors. The Auditors have confirmed that they continue to fulfil the criteria for appointment as Auditor of the Company as prescribed under the Act and the Rules framed thereunder.

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

Secretarial Audit

Pursuant to the Section 204 of the Act and Rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sudhir Hulyalkar, Company Secretaries, to undertake Secretarial Audit of the Company for the FY18. The Secretarial Audit Report forms part of this Report and is annexed as **Annexure - E**.

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

Details of significant and material Orders

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

(i) It is in public domain that United Breweries (Holdings) Limited (UBHL), a promoter of your Company has been ordered to be wound up by Hon'ble High Court of Karnataka vide dated February 07, 2017. We understand UBHL has since filed an appeal against the said Winding-up Order which is pending.

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

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

(iii) Pursuant to Order of Debt Recovery Tribunal, Karnataka, Bangalore, dated September 30, 2015, dividend for the financial year 2016-2017 and thereafter, if declared and payable to Dr. Vijay Mallya and United Breweries (Holdings) Limited shall be withheld till further Orders.

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

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

Directors' Responsibility Statement

Pursuant to Clause (c) of Sub-section (3) of Section 134 of the Act, the Board of Directors report that:

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

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

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

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

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

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

ACKNOWLEDGEMENTS AND APPRECIATION

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

By Authority of the Board

	Shekhar Ramamurthy	**Steven Bosch**
August 10, 2018	Managing Director	Director & CFO
Bengaluru	DIN: 00504801	DIN: 07573930

Corporate Governance Report

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

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

BOARD OF DIRECTORS

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

Executive Directors

Mr. Shekhar Ramamurthy (Managing Director)
Mr. Steven Bosch (Director & CFO)

Non – Executive Directors

Mr. A K Ravi Nedungadi
Mr. Frans Erik Eusman
Mr. Christiaan A J Van Steenbergen*

Independent Directors

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

Senior Vice President – Legal & Company Secretary

Mr. Govind Iyengar

Audit Committee

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

Nomination and Remuneration Committee

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

Risk Management Committee

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

Share Transfer Committee

Mr. A K Ravi Nedungadi	Chairman
Mr. Shekhar Ramamurthy	Member
Mr. Steven Bosch	Member

Stakeholders' Relationship Committee

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

Borrowing Committee

Mr. Chhaganlal Jain	Chairman
Mr. Steven Bosch	Member
Mr. A K Ravi Nedungadi	Member
Ms. Kiran Mazumdar Shaw	Member

Corporate Social Responsibility Committee

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

Auditors S.R. Batliboi & Associates LLP, Chartered Accountants

Registrar and Share Transfer Agent Integrated Registry Management Services Private Limited

Note: * Mr. Christiaan A J Van Steenbergen replaced Mr. Sijbe Hiemstra w.e.f. November 08, 2017.

Profile of Directors and their other Directorships

Brief resume	Other Directorships & Committee Memberships in India
Mr. Shekhar Ramamurthy (Din: 00504801) Mr. Shekhar Ramamurthy is an alumnus of IIT Delhi and IIM Calcutta. He has been with the UB Group since 1989 and has been in several roles across the Group. He joined in the Corporate Planning function and soon thereafter moved into a Marketing role with what is now United Spirits Limited. He spent over 9 years in the Spirits business in Marketing and Sales roles before joining United Breweries Limited as the Head of Marketing and Sales in October 1999. He took on greater responsibilities as the Deputy President of UBL from October 2007 and then as the Joint President of the company from September 2012 till taking over as the Managing Director on August 01, 2015. He has been an integral part of the dynamic growth story of the Company that has seen brand Kingfisher establish itself as the number 1 choice of consumers in India.	**Other Boards** - Kingfisher East Bengal Football Team Private Limited
Mr. Steven Bosch (Din: 07573930) Mr. Bosch holds an MSc. in Business Administration from the University of Groningen, The Netherlands. He has completed various Finance and Management Development programs at CERAM School of Management & Technology and at INSEAD-Fontainebleau. He started his career in 2002 in the banking industry and held various roles of increasing responsibility with ABN AMRO's investment banking division, located in Amsterdam, Paris and Jakarta. Before joining Heineken, he was a Vice President with the Royal Bank of Scotland, based in Hong Kong. As a Director in Heineken International's Global Business Development team, Mr. Bosch has led a wide range of projects including acquisitions, divestitures, mergers, restructuring and business due diligence projects. In addition to a diverse professional experience in mature markets globally, he has held project leadership positions in emerging markets including Argentina, Indonesia, Ivory Coast, Russia and South Africa. Mr. Bosch' expertise includes business planning, financial analysis, due diligence, valuation, transaction structuring, integration planning, project management, acquisitions, mergers, divestments and equity capital markets solutions. He brings with him about 15 years' experience of a professional in finance, investment banking and business development. Mr. Bosch has been on the board of UBL since September 01, 2016.	**Other Boards** - Maltex Malsters Limited

Brief resume	Other Directorships & Committee Memberships in India
Mr. A K Ravi Nedungadi (Din: 00103214) A trained Chartered and Cost Accountant, Mr. Nedungadi joined the United Breweries Group in 1990 as the Corporate Treasurer. Within two years, he became the Group Finance Director of the Group's International business managing the businesses of UB International Ltd., which comprised the paint giant Berger Jenson and Nicholson having operations spanning 27 countries. He played a lead role in listing the Berger Group Companies on various international Stock Exchanges including the London and Singapore bourses. Since his appointment as the President and Group CFO in 1998, he led the way to sharpening the focus of the Group, which had a conglomerate approach, on areas of competence and global reach. This saw the Group focus on clearly defined verticals each area presenting clear leadership within India and global significance. He played a key role in a number of corporate actions including domestic and international acquisitions, mergers, etc. leading to a manifold increase in the market capitalization of the Group. Mr. Nedungadi is the recipient of many awards of excellence, including Udyog Ratan Award, IMA's CFO of the Year, CNBC TV 18's – CFO of the Year – M&A, etc. Memberships in esteemed organizations like Who's Who of Professionals only reinforce the above testimonials. Mr. Nedungadi has been on the Board of UBL since August 09, 2002.	NIL
Mr. Frans Erik Eusman (Din: 07242083) Mr. Frans Erik Eusman joined Heineken in 1987. He has worked in various finance and general management positions in Europe and Asia. He has been appointed President of Asia Pacific Region at Heineken NV since July 1, 2015. Previously Mr. Eusman served as the Chief Business Services Officer at Heineken NV from 2010 to July 1, 2015. Mr. Eusman was Managing Director of Heineken France S.A.S. from 2005 until October 1, 2010 and Corporate Control & Accounting Director from 2003 to 2005. He was a Member of the Executive Committee from October 2010 to 30 June 2015 and since 1 July 2015, a member of the Executive Team at Heineken NV. Mr. Eusman has been on the Board of UBL since August 01, 2015.	NIL

Brief resume	Other Directorships & Committee Memberships in India
Mr. Christiaan A J Van Steenbergen (Din: 07972769) Mr. Christiaan A J Van Steenbergen, was appointed Chief Human Resources Officer of Heineken in May 2014. Prior to that, he was Executive Vice President Corporate HR of Royal DSM since 2010 based in Heerlen, the Netherlands. He is a lawyer by training and has spent more than 20 years in Senior HR and operational roles. He was Chief Human Resources Officer Cadbury, President Europe Cadbury, for 8 years from 2002 to 2010. Prior to Cadbury, he held different positions in Quick Restaurants SA in Belgium as CEO and in Randstad Belgium as Managing Director. Mr. Christiaan was appointed to the Board of UBL effective November 08, 2017.	NIL
Mr. Chhaganlal Jain (Din: 00102910) Mr. Chhaganlal Jain is a Chartered Accountant and a Company Secretary by profession, having more than 45 years of Corporate experience in various organizations including ICI and Hindustan Lever Ltd. He was Finance Director of Hoechst India Ltd. He was also External Faculty Member at Bajaj Institute of Management for 17 years. He was also Chairman of Banking and Finance Committee of Bombay Chamber of Commerce and Industry for four years. Apart from Directorship he holds in esteemed public companies, he is also a trustee of Nayana Parekh Charitable Trust, Sangeeta Jain Charitable Trust and Oswal Mitra Mandal. Mr. Jain has been on the Board of UBL since January 27, 2003.	**Other Boards** - Asit C. Mehta Investment Intermediates Limited - RPG Life Sciences Limited - Practical Financial Services Private Limited - NOCIL Limited - Percipient Advisors Private Limited **Audit Committees** - NOCIL Limited (Chairman) - RPG Life Sciences Limited (Chairman) - Asit C. Mehta Investment Intermediates Limited (Chairman)
Mr. Chugh Yoginder Pal (Din: 00106536) Mr. Chugh Yoginder Pal is a first class Graduate in Engineering from Delhi University. After a brief Industrial Engineering training stint in TELCO he joined Hindustan Lever in 1960, where he held various positions starting in Industrial Engineering and moved up quickly in the Management hierarchy in a variety of Production, Factory and General Management roles leading to head of Corporate Materials Management. He joined Cadbury India Limited as Technical Director and became Managing Director in 1983 and Chairman & Managing Director in 1987. He retired as Executive Chairman in 1997 and as Non-Executive Chairman of Cadbury India Limited (now Mondelez India Foods Limited) in March, 2015. Mr. Pal brings with him great expertise and understanding of the Indian Business environment. He was President of the prestigious Bombay Chamber of Commerce and Industry. Mr. Pal has been on the Board of UBL since April 29, 2005.	**Other Boards** - Shriram Pistons & Rings Limited - Renfro India Private Limited **Audit Committee** - Shriram Pistons & Rings Limited

Brief resume	Other Directorships & Committee Memberships in India
Mr. Sunil Alagh (Din: 00103320) Mr. Sunil Alagh is Chairman of SKA Advisors, a Business Advisory/ Consultancy firm with a focus on Marketing and Brand building strategies. He is a graduate in Economics (Hons.) with MBA from IIM Calcutta. He has worked with ITC Limited, Jagatjit Industries Limited and Britannia Industries Limited. He was Managing Director and CEO of Britannia Industries Limited from 1989 to 2003. During this tenure, Britannia figured in the Forbes Magazine list of 300 Best Small Companies in the world for 3 years. It also became the Number 1 food Brand in India. He is on the Boards of Prasar Bharati, India, Indofil Industries Ltd, GATI Ltd. (a JV with KWE, Japan) and GATI Import & Export Trading Ltd. In addition, he is a Senior Advisor to AXA, France, a Member on Advisory Board of Vikas Ecotech Ltd., New Delhi and on the Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He is a former member of the Board of IL&FS Investsmart Ltd., the Indian Advisory Board of Schindler Switzerland, Board of Governors' of IIM Bangalore and IIM Indore, the Governing Council of the National Institute of Design, Ahmedabad and a member of the Round Table on Higher Education of the Ministry of HRD, Government of India. He was honoured with the 'Gold Medal Kashlkar Memorial Award 2000' for outstanding contribution to the food processing industry in India. He was a finalist for the Ernst and Young Entrepreneur of the Year Award, 2002. Mr. Alagh has been on the Board of UBL since April 29, 2005.	**Other Boards** - GATI Limited - Indofil Industries Limited - GATI Import Export Trading Limited - SKA Advisors Private Limited - Prasar Bharati **Audit Committee** - Indofil Industries Limited **Stakeholders' Relationship Committees** - Indofil Industries Limited - GATI Limited (Chairman)
Ms. Kiran Mazumdar Shaw (Din: 00347229) Ms. Kiran Mazumdar-Shaw is a pioneer of the biotechnology industry in India and the founder of the country's leading biotechnology enterprise, Biocon. Named among TIME magazine's 100 most influential people in the world, Ms. Mazumdar-Shaw is recognized as a thought leader who has made her country proud by building a globally recognized biopharmaceutical enterprise that is committed to innovation and affordability in delivering best-in-class therapeutics to patients across the globe. As a global influencer, she is ranked among 'World's 25 Most Influential People in Biopharma' by Fierce Biotech, Forbes magazine's '100 Most Powerful Women' and Fortune's 'Top 25 Most Powerful Women in Asia-Pacific'. She has also featured in 'The Worldview 100 List' of the most influential visionaries by Scientific American magazine and named among the '100 Leading Global Thinkers' by Foreign Policy magazine. Most recently, she has been ranked No. 1 in the Business Captains category on 'Medicine Maker Power List' 2018, an index of the 100 most influential people across the globe in the field of medicine, where she has been among the Top 10, consecutively since 2015. She is conferred with the Highest French Distinction - Chevalier de l'Ordre national de la Légion d'Honneur (Knight of the Legion of Honour), and bestowed with the Advancing Women in Science (AWSM) Award for Excellence by The Feinstein Institute for Medical Research, USA. At home, she has been awarded with the Padma Shri and Padma Bhushan, the most coveted Civilian National Awards of India.	**Other Boards** - Biocon Limited - Syngene International Limited - Narayana Hrudayalaya Limited - Infosys Limited - Biocon Research Limited - Mazumdar Shaw Medical Foundation - Biocon Academy - Narayana Vaishno Devi Specialty Hospitals Private Limited - Biocon Pharma Limited - Biocon Biologics India Limited - Invest Karnataka Forum - Science Gallery Bangalore **Audit Committees** - Biocon Pharma Limited - Biocon Research Limited **Stakeholders' Relationship Committee** - Infosys Limited

Brief resume	Other Directorships & Committee Memberships in India
She pioneered the setting up of Association of Biotech Led Enterprises (ABLE), which has been instrumental in bringing government, industry and academia together to charter a clear and progressive growth path for biotechnology in India. A founder member of Karnataka's Vision Group on Biotechnology and currently chairs this forum. Ms. Mazumdar-Shaw holds a bachelor's degree in science (Zoology Hons.) from Bangalore University and a master's degree in malting and brewing from Ballarat College, Melbourne University. She has been awarded with several honorary degrees from Ballarat (2004), University of Abertay (2007), University of Glasgow (2008), Heriot-Watt University (2008), National University of Ireland (2012) and Trinity College, Dublin (2012) for her pre-eminent contributions to field of biotechnology. Ms. Mazumdar-Shaw is the lead Independent Member of the Board of Infosys, a global leader in consulting, technology and outsourcing solutions. She is also the Member of the Board of Governors of IIT Bombay. She is on the board of directors of the US-India Business Council (USIBC) and the Advisory Council of the UK-India Business Council. Ms. Mazumdar-Shaw has been on the Board of UBL since October 26, 2009.	
Mr. Madhav Bhatkuly (Din: 00796367) Mr. Madhav Bhatkuly has a Master's Degree in Commerce from Sydenham College, Bombay and a Master's Degree in Economics from the London School of Economics. He is a recipient of the Foreign and Commonwealth Scholarship from the British Government. Mr. Bhatkuly was a country partner of Arisaig Partners from 1999 to 2005. Prior to that, he was associated with SG Securities and ICICI Bank Limited. He partnered with Chris Hohn of The Children's Investment Fund, (UK) TCI to set up a dedicated India Fund. He is credited to have been amongst the first institutional investors in many small companies which have gone on to become some of India's leading names. He has been featured on several TV shows including "CNBC's wizards of Dalal Street", Indianomics, the Karan Thapar Show etc. and has been invited to speak at many business schools such as the Indian Institute of Management and by many organisations such as the Confederation of India Industries (CII), Goldman Sachs etc. He currently serves as director on the board of New Horizon Opportunities Master Fund (NHOF). Mr. Bhatkuly has been on the Board of UBL since October 26, 2009.	**Other Boards** - New Horizon Financial Research Private Limited - New Horizon Wealth Management Private Limited
Mr. Stephan Gerlich (Din: 00063222) Since 2014 Stephan Gerlich is Managing director of Bayer de México. Since 1978 he worked for the Bayer group in different functions and countries and lived with his family in France, USA and Mexico. From 2003 until 2014 Mr. Gerlich was Responsible for the Bayer group in India, based in Mumbai. Mr. Gerlich has been on the board of UBL since July 02, 2010.	NIL

Note: Committee Memberships of Directors mentioned above includes only those Committees prescribed for reckoning of limits under Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). None of the Directors are related inter-se.

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

Name of the Directors	Membership in Boards other than UBL in India	Membership in Board Committees other than UBL	
		Prescribed for reckoning the limits under Regulation 26(1)(b) of Listing Regulations*	Other Committees not so prescribed**
Mr. Shekhar Ramamurthy	1	NIL	NIL
Mr. Steven Bosch	1	NIL	NIL
Mr. A K Ravi Nedungadi	NIL	NIL	NIL
Mr. Frans Erik Eusman	NIL	NIL	NIL
Mr. Christiaan A J Van Steenbergen	NIL	NIL	NIL
Mr. Chhaganlal Jain	5	3 (Chairman of 3 Committees)	4
Mr. Chugh Yoginder Pal	2	1	2
Mr. Sunil Alagh	5	3 (Chairman of 1 Committee)	2
Ms. Kiran Mazumdar Shaw	12	3	6
Mr. Madhav Bhatkuly	2	NIL	NIL
Mr. Stephan Gerlich	NIL	NIL	NIL

* Audit Committee and Stakeholders' Relationship Committee.

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

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

Notes:

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

b) Mr. Steven Bosch is a Director in 1 Company.

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

d) Mr. Frans Erik Eusman is on the Board of 19 Overseas Companies.

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

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

g) Out of 2 other Companies in which Mr. Chugh Yoginder Pal is a Director, 1 is a Private Limited Company.

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

i) Out of 12 other Companies in which Ms. Kiran Mazumdar Shaw is a Director, 1 is a Private Limited Company and 4 are Section 8 Companies under the Companies Act, 2013. Ms. Mazumdar is also on the Board of 6 Overseas Companies.

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

k) Mr. Stephan Gerlich is not a Director in any other Company.

Board Meetings

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

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

During the financial year ended on March 31, 2018, five (5) Board Meetings were held on May 17, 2017, July 04, 2017, August 10, 2017, November 08, 2017 and February 02, 2018.

Attendance at Board Meetings and Annual General Meeting (AGM)

Names of the Directors	Category	Number of Board Meetings held	Number of Board Meetings attended	Attendance at the last AGM held on 23.09.2017
Mr. Shekhar Ramamurthy	Managing Director	5	5	YES
Mr. Steven Bosch	Director (CFO)	5	5	YES
Mr. A K Ravi Nedungadi	Director (NE)	5	5	YES
Mr. Frans Erik Eusman	Director (NE)	5	5	—
Mr. Christiaan A J Van Steenbergen*	Director (NE)	5	1	—
Mr. Sijbe Hiemstra*	Director (NE)	5	3	—
Mr. Chhaganlal Jain	Director (NE, IND)	5	5	YES
Mr. Chugh Yoginder Pal	Director (NE, IND)	5	5	YES
Mr. Sunil Alagh	Director (NE, IND)	5	5	YES
Ms. Kiran Mazumdar Shaw	Director (NE, IND)	5	5	—
Mr. Madhav Bhatkuly	Director (NE, IND)	5	4	YES
Mr. Stephan Gerlich	Director (NE, IND)	5	5	YES

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

* Mr. Christiaan A J Van Steenbergen replaced Mr. Sijbe Hiemstra w.e.f. November 08, 2017.

COMMITTEES OF DIRECTORS

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

Audit Committee

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

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

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

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

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

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

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

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

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

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

ix) Scrutiny of inter-corporate loans and investments;

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

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

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

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

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

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

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

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

xviii) To review the functioning of Whistle Blower mechanism;

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

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

The Audit Committee mandatorily reviews the following information:

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

During the financial year ended March 31, 2018, five (5) Audit Committee Meetings were held on May 17, 2017, August 09, 2017, November 07, 2017, February 01, 2018 and March 08, 2018.

Attendance at Audit Committee Meetings

Names of the Directors	Category	Number of Audit Committee Meetings held	Number of Audit Committee Meetings attended
Mr. Chugh Yoginder Pal	CHAIRMAN	5	5
Mr. Chhaganlal Jain	MEMBER	5	5
Mr. Sunil Alagh	MEMBER	5	5

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

Share Transfer Committee

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

The Terms of reference are as under:

- To monitor Transfer, Transmission and Transposition of the Shares of the Company;
- Issue of Duplicate Share Certificates, in lieu of Certificates lost or misplaced;
- Issue of New Share Certificates in lieu of Certificates torn, mutilated, cages for transfer filled up etcetera;
- Consolidation and sub-division of Share Certificates;
- To oversee compliance of the norms laid down under the Depositories Act, 1996;
- To appoint / remove Registrar and Transfer Agent;
- To oversee compliance of the norms laid down under the Tripartite Agreement with National Securities Depository Limited / Central Depository Services (India) Limited, and
- Perform all such acts and deeds, matters and things as it may in its absolute discretion deem necessary, expedient, desirable, usual or proper and to settle any question, dispute, difficulty or doubt that may arise in regard to the matters arising out of the aforesaid acts.

In order to facilitate prompt and efficient service to the Shareholders all the transactions in connection with Transfer, Transmission, issue of Duplicate Certificates, etc., have been entrusted to Integrated Registry Management Services Private Limited, Registrar and Share Transfer Agent and the same are being processed and approved once in ten days.

During the financial year ended March 31, 2018, the Committee met six (6) times on May 17, 2017, August 10, 2017, October 27, 2017, November 02, 2017, November 27, 2017 and February 02, 2018 for approving the transactions falling within the Terms of reference mentioned above.

Attendance at Share Transfer Committee Meetings

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

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

Stakeholders' Relationship Committee

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

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

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

Number of Shareholders' complaints received from 01-04-2017 to 31-03-2018 (These complaints pertained mainly to non-receipt of Share Certificates upon transfer, non-receipt of Annual Report, nonreceipt of Dividend, etc.)	16
Number of complaints not solved to the satisfaction of the Shareholders	NIL
Number of pending Share transfers	NIL

During the financial year ended March 31, 2018, two (2) Meetings of Stakeholders Relationship Committee were held on August 09, 2017 and February 02, 2018 which was attended by all the members.

Corporate Social Responsibility Committee

Your Company has been focussing on Corporate Social Responsibility (CSR) activities viz., primary health and welfare, primary education and potable water in the vicinity of its brewing locations. UBL has formulated a CSR policy for a seamless integration of market place, work place, environment and community concerns with its business operations. We use CSR as an integral business process in order to support sustainable development and inclusive growth in our constant endeavour to be a good corporate citizen.

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

During the financial year ended March 31, 2018, one (1) Meeting of Corporate Social Responsibility Committee was held on September 23, 2017 which was attended by Mr. Madhav Bhatkuly, Mr. Shekhar Ramamurthy, Mr. Steven Bosch and Mr. Sunil Alagh.

Risk Management Committee

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

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

During the financial year ended March 31, 2018, two (2) Meetings of Risk Management Committee were held on November 07, 2017 and March 19, 2018.

Attendance at Risk Management Committee Meetings

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

Borrowing Committee

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

The Borrowing Committee comprises of Mr. Chhaganlal Jain, Mr. Steven Bosch, Mr. A K Ravi Nedungadi and Ms. Kiran Mazumdar Shaw as Members. Mr. Chhaganlal Jain is the Chairman of the Committee. During the financial year ended March 31, 2018, two (2) Meetings of Borrowing Committee were held on August 10, 2017 and November 27, 2017.

Attendance at Borrowing Committee Meetings

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Sunil Alagh, Mr. A K Ravi Nedungadi, Mr. Frans Erik Eusman, Mr. Chhaganlal Jain and Mr. Chugh Yoginder Pal as Members. Mr. Sunil Alagh is the Chairman of the Committee.

The Committee is authorized inter alia:

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

During the financial year ended March 31, 2018, four (4) Meetings of Nomination and Remuneration Committee were held on May 17, 2017, June 21, 2017, July 04, 2017 and November 08, 2017.

Attendance at Nomination and Remuneration Committee Meetings

Names of the Directors	Category	Number of Nomination and Remuneration Committee Meetings held	Number of Nomination and Remuneration Committee Meetings attended
Mr. Sunil Alagh	Chairman	4	4
Mr. A K Ravi Nedungadi	Member	4	4
Mr. Frans Erik Eusman	Member	4	4
Mr. Chhaganlal Jain	Member	4	4
Mr. Chugh Yoginder Pal	Member	4	4

Remuneration Policy

The Company carries out periodic reviews of comparable Companies and through commissioned survey ascertains the remuneration levels prevailing in these Companies. The Company's Remuneration Policy is designed to ensure that the remuneration applicable to Managers in the Company is comparable with multinational Companies operating in the Brewing or similar industry in India. In line with statutory requirements, the Board of Directors has adopted a Remuneration Policy for Directors, Key Managerial Personnel (KMP) and other employees of the Company. The Remuneration Policy lays down the criteria for appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management. The Policy also prescribes the criteria and manner for fixation and approval of remuneration payable to Directors, KMPs and other employees. The Policy is posted on the website of the Company and is available through the link http://unitedbreweries.com/pdf/policyandcodes/Remuneration-Policy.pdf.

For the financial year ended March 31, 2018, Mr. Shekhar Ramamurthy, (Managing Director) and Mr. Steven Bosch, (Director & CFO) were paid remuneration as under:

(Rupees)

Name	Salary & Allowance	Perquisites	Retiral Benefits
Mr. Shekhar Ramamurthy	5,50,77,488	1,76,09,655	1,40,48,551
Mr. Steven Bosch	2,94,22,369	1,10,87,978	11,76,533

Sitting fees to Directors during 2017-2018

Sl. No.	Name of the Director	Sitting Fees paid (Rupees)*
1.	Mr. A K Ravi Nedungadi	11,00,000/-
2.	Mr. Frans Erik Eusman	7,00,000/-
3.	Mr. Sijbe Hiemstra	3,00,000/-
4.	Mr. Christiaan A J Van Steenbergen	1,00,000/-
5.	Mr. Chhaganlal Jain	15,50,000/-
6.	Mr. Chugh Yoginder Pal	14,50,000/-
7.	Mr. Sunil Alagh	14,00,000/-
8.	Ms. Kiran Mazumdar Shaw	6,50,000/-
9.	Mr. Madhav Bhatkuly	5,50,000/-
10.	Mr. Stephan Gerlich	5,50,000/-

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

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

Commission to Directors during 2017-2018

Sl. No.	Name of the Director	Commission (Rupees)**
1.	Mr. A K Ravi Nedungadi	75,20,943/-
2.	Mr. Chhaganlal Jain	75,20,943/-
3.	Mr. Chugh Yoginder Pal	75,20,943/-
4.	Mr. Sunil Alagh	75,20,943/-
5.	Ms. Kiran Mazumdar Shaw	75,20,943/-
6.	Mr. Madhav Bhatkuly	75,20,943/-
7.	Mr. Stephan Gerlich	75,20,943/-

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

Independent Directors

All six Independent Directors of the Company have been appointed for a term of 5 (five) years up to September 03, 2019. All of them have given a declaration that they meet the criteria of independence as laid down under the Companies Act, 2013 and Listing Regulations. During the financial year ended March 31, 2018, one (1) Meeting of Independent Directors was held on June 05, 2017 which was attended by Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal, Mr. Sunil Alagh, Mr. Madhav Bhatkuly and Mr. Stephan Gerlich.

SHAREHOLDERS' INFORMATION

General Body Meetings

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

Date	Time	Venue	Special Resolutions Passed
September 23, 2017	11.00 a.m.	Level 1, UB Tower, UB City, #24, Vittal Mallya Road, Bengaluru - 560 001.	Nil
September 07, 2016	11.00 a.m.	Level 1, UB Tower, UB City, #24, Vittal Mallya Road, Bengaluru - 560 001.	Nil
September 22, 2015	11.00 a.m.	Level 1, UB Tower, UB City, #24, Vittal Mallya Road, Bengaluru - 560 001.	Nil

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

Postal Ballot

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

Remote E-voting

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

Dividend

Post its declaration at this Annual General Meeting, dividend on Equity Shares for the financial year ended March 31, 2018 will be paid on or before October 16, 2018 to the Members whose names appear:

i. as Beneficial Owners as at the close of the business hours on Monday, September 10, 2018 as per the list to be furnished by the Depositories in respect of the Shares held in electronic form, and

ii. as Members in the Register of Members of the Company as on Monday, September 17, 2018 after giving effect to all valid Share transfers in physical form which are lodged with the Company on or before Monday, September 10, 2018.

Unclaimed Dividend

The unclaimed Dividend for the financial year ended March 31, 2011 will be due for transfer to the Investor Education and Protection Fund (IEPF) on January 27, 2019 in terms of the applicable provisions of the Companies Act. Members who have not encashed the Dividend Warrants for the aforesaid Dividend are requested to approach the Registrars and Share Transfer Agents of the Company. Further, the Equity Shares held by the shareholders (either in physical form or in demat form) in respect of such unclaimed dividend which has not been encashed and in respect of which dividend has not been claimed by the shareholders for last seven years shall also be transferred to IEPF in terms of provisions of the Act and the Rules made thereunder.

Unclaimed Shares

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

Details relating to unclaimed Equity Shares as on March 31, 2018 as required under Schedule V (F) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given hereunder:

No. of Shareholders holding unclaimed shares as on 01.04.2017	No. of unclaimed shares as on 01.04.2017	No. of Shareholders who claimed shares during the year	No. of unclaimed shares transferred during the year	No. of Shareholders holding unclaimed shares as on 31.03.2018	Balance unclaimed shares as on 31.03.2018	Voting Rights Frozen (%)
7816	1306982	14	3090	7802**	1303892**	0.49

** Out of the above, during the year the Company has transferred 832748 Equity Shares held by 3614 shareholders to Investor Education and Protection Fund (IEPF) Authority in terms of Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended. After credit of 3090 Equity Shares held by 14 shareholders and transfer of 832748 Equity Shares held by 3614 shareholders to IEPF, effectively the Company holds 471144 Equity Shares held by 4188 shareholders in Unclaimed Suspense Account.

Investor Education and Protection Fund (IEPF)

As per Section 124(5) of the Companies Act, 2013 (the Act), any money transferred to the unpaid dividend account of a company which remained unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to IEPF. Pursuant to the said provision, the Company had transferred Rs.4,79,119 and Rs.7,09,613 as dividend for the year 2008-2009 and 2009-2010 respectively to IEPF which remained unclaimed for a period of seven years.

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

Pursuant to the said provisions, the Company has transferred 1101119 Equity Shares held by 4514 shareholders (including 832748 Equity Shares held by 3614 shareholders from Unclaimed Suspense Account) to IEPF after following due procedure laid down under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (the Rules). Details of Dividend and Equity Shares transferred to IEPF is uploaded on the website of the Company and is available through the link http://unitedbreweries.com/investors.

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

Means of Communication

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

The Company has designated an exclusive email ID viz., ublinvestor@ubmail.com for the purpose of registering complaints by the investors. The investors can post their grievances by sending a mail to the said email ID.

Disclosures

1. Management Discussion and Analysis forms part of the Directors' Report.
2. During the financial year ended March 31, 2018, there were no materially significant related party transactions with the Company's Directors or their relatives. Details of related party transactions form part of Notes to Accounts. In preparation of financial statements for the year under review, treatment as prescribed in Accounting Standards has been followed.
3. The Company has complied with all the statutory requirements comprised in the Listing Agreements / Regulations / Guidelines / Rules of the Stock Exchanges / SEBI / other Statutory Authorities.
4. The Company did not suffer from any levies and there were no strictures on any Capital market related matters since incorporation. The Company has complied with all the mandatory and certain non-mandatory requirements of Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. The Company has not issued any Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments.
6. The Company mitigates commodity pricing risks by using pricing benchmarks and tracking pricing trends over a longer period of time. The Company has managed the foreign exchange risks with appropriate hedging activities. The Company uses forward exchange contracts to hedge against its foreign currency exposures.
7. The Tax Recovery Officer – TDS, Bangalore (TRO-TDS) had prohibited the Company from making any payments in the nature of salary, remuneration, allowances, etc. to Dr. Vijay Mallya. The TRO-TDS had also directed the Company to create a charge under Section 201(2) of the Income Tax Act, 1961 in favour of the Central Government to the extent of tax of Rs.679,79,77,461/- on any amount due or likely to be due to Dr. Vijay Mallya, principal officer of Kingfisher Airlines Limited. As per the Order dated November 11, 2016, the Company had paid Rs.1,64,13,708/- to the Tax Recovery Office – TDS being the amount accrued to Dr. Vijay Mallya towards sitting fee and commission for financial year 2015-16.
8. Pursuant to Order of Debt Recovery Tribunal, Karnataka, Bangalore, (the Tribunal) dated September 30, 2015, dividend for the financial year 2016-2017 and thereafter, if declared and payable to Dr. Vijay Mallya and United Breweries (Holdings) Limited shall be withheld till further Orders.
9. It is in public domain that United Breweries (Holdings) Limited (UBHL), a promoter of your Company has been ordered to be wound up by Hon'ble High Court of Karnataka vide Order dated February 07, 2017. UBHL has since filed an appeal against the said Winding-up Order which is pending.
10. As per disclosures received by UBL in May 2018 under SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 from a few Promoter companies controlled by Dr. Vijay Mallya, we are informed that 41315690 Equity Shares held by such entities in UBL constituting 15.63% of the total paid up capital have been transferred to the demat account of Enforcement Directorate, Mumbai, Government of India. Earlier, in August 2017, 1389068 Equity Shares constituting 0.52% of the total paid up capital were also transferred to the demat account of Enforcement Directorate, Mumbai, Government of India. The Enforcement Directorate now holds 42704758 constituting 16.15% Equity Shares in the Company. However, UBL has not received any communication from the Enforcement Directorate so far in this regard.

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

General Shareholder Information

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

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

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

Annual General Meeting Information

Board Meeting for consideration of Accounts	May 24, 2018
Cut-off-Date for ascertaining shareholders entitled for Notice	August 10, 2018
Posting of Annual Report	August 23, 2018
Cut-off-Date for determining the eligibility to vote by remote e-voting system and at the AGM	September 10, 2018 (close of business hours)
Book Closure dates	September 11, 2018 to September 17, 2018 (both days inclusive)
Last date for receiving proxy	September 15, 2018, at 12.00 Noon
Remote E-voting starting date and time	September 14, 2018, at 9.00 a.m.
Remote E-voting closure date and time	September 16, 2018, at 5.00 p.m.
Date of Annual General Meeting	September 17, 2018
Time	12.00 Noon
Venue	Level 1, UB City #24, Vittal Mallya Road, Bengaluru - 560 001.
Dividend payment date	October 16, 2018

In terms of Companies Act, 2013 service of documents including Annual Report, Notice of Annual General Meeting and other requisite correspondence may be made by the Company to its Shareholders by Electronic mode. In continuation of our endeavour to support the Green Initiative of e-communication, the Company is sending the Annual Report and Notice convening 19th Annual General Meeting by electronic mode to the shareholders. The Annual Report and the Notice is also available on the website of the Company viz., www.unitedbreweries.com.

Listing with Stock Exchanges

The Equity Shares of UBL are listed with National Stock Exchange of India Limited and BSE Limited. UBL has paid the Annual Listing Fee to all these Stock Exchanges for the year 2018–2019. The Scrip Code of Equity Shares on these Stock Exchanges are as under:

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

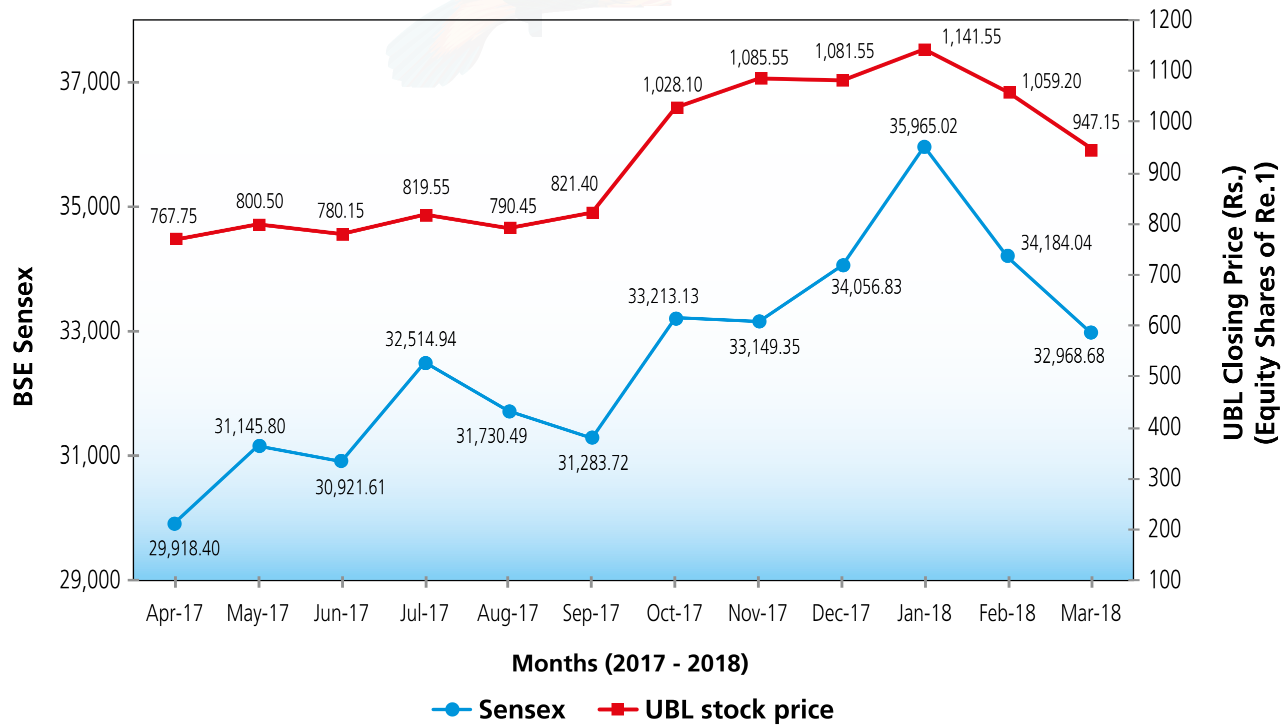
Market price data of the Company's Equity Shares traded on the BSE Limited (BSE), during the period April 2017 to March 2018

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Sensex – Close
April, 2017	788.00	715.80	767.75	29,918.40
May, 2017	877.50	757.10	800.50	31,145.80
June, 2017	844.20	774.55	780.15	30,921.61
July, 2017	847.00	780.05	819.55	32,514.94
August, 2017	857.25	775.00	790.45	31,730.49
September, 2017	864.00	775.75	821.40	31,283.72
October, 2017	1,062.00	823.00	1,028.10	33,213.13
November, 2017	1,190.00	1,025.00	1,085.55	33,149.35
December, 2017	1,110.00	985.45	1,081.55	34,056.83
January, 2018	1,199.00	1,023.90	1,141.55	35,965.02
February, 2018	1,242.70	1,001.00	1,059.20	34,184.04
March, 2018	1,079.60	908.00	947.15	32,968.68

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

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

Comparision - UBL Share Price Vs. BSE Sensex



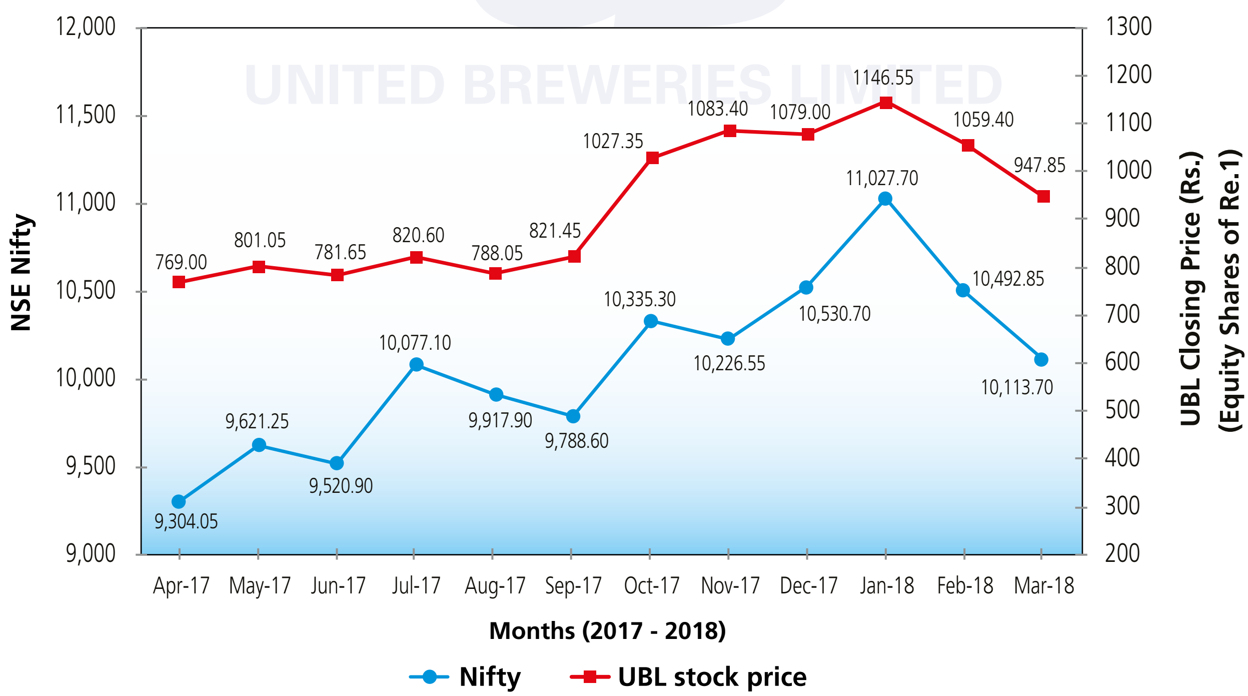
Market price data of the Company's Equity Shares traded on the National Stock Exchange of India Limited, (NSE) during the period April 2017 to March 2018

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Nifty – Close
April, 2017	786.00	717.20	769.00	9,304.05
May, 2017	878.40	763.25	801.05	9,621.25
June, 2017	845.00	772.65	781.65	9,520.90
July, 2017	842.45	780.15	820.60	10,077.10
August, 2017	859.00	778.70	788.05	9,917.90
September, 2017	867.00	775.25	821.45	9,788.60
October, 2017	1,063.45	822.80	1,027.35	10,335.30
November, 2017	1,190.40	1,015.00	1,083.40	10,226.55
December, 2017	1,097.95	991.30	1,079.00	10,530.70
January, 2018	1,198.75	1,021.30	1,146.55	11,027.70
February, 2018	1,243.00	999.70	1,059.40	10,492.85
March, 2018	1,073.80	908.35	947.85	10,113.70

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

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

Comparision - UBL Share Price Vs. NSE Nifty



Share Transfer System

The share transfer registry business of our earlier Share Transfer Agents viz., Integrated Enterprises (India) Limited has been demerged into Integrated Registry Management Services Private Limited pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of Madras. Therefore Integrated Registry Management Services Private Limited are the Share Transfer Agents of the Company effective February 17, 2017.

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

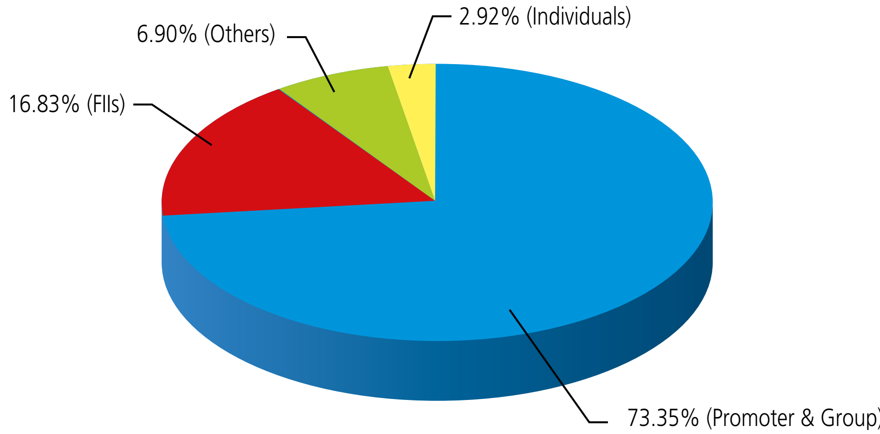
The distribution of shareholding as on March 31, 2018 is furnished below:

Category (Rs.)	No. of Shareholders	% (Percentage)	No. of Shares held	% (Percentage)
Up to 5000	31,805	98.98	6,532,609	2.47
5001 – 10000	108	0.34	797,933	0.30
10001 – 20000	59	0.18	863,580	0.33
20001 – 30000	27	0.08	674,652	0.25
30001 – 40000	8	0.02	282,516	0.11
40001 – 50000	7	0.02	328,028	0.12
50001 - 100000	29	0.09	2,054,154	0.78
100001 and Above	90	0.29	252,871,677	95.64
TOTAL	32,133	100.00	264,405,149	100.00

Shareholding Pattern as on March 31, 2018

Category	No. of Shares held	Percentage of Shareholding
Promoters		
Indian	77,899,862	29.46
Foreign	116,032,613	43.88
Sub-Total	**193,932,475**	**73.35**
Foreign Institutional Investors (FIIs)	**44,514,860**	**16.83**
Individuals	**7,719,494**	**2.92**
Others		
IEPF	1,101,119	0.42
Mutual Funds	9,763,362	3.69
Banks / Financial Institution	88,703	0.03
Central / State Governments	1,631,324	0.62
Insurance Companies	—	—
Bodies Corporate	4,573,448	1.72
Trust	255,250	0.10
NRI	372,521	0.14
Clearing Members	383,893	0.15
Overseas Corporate Bodies	1,700	0.00
Qualified Foreign Investors	67,000	0.03
Sub-Total	**70,472,674**	**26.65**
Total	**264,405,149**	**100.00**

Pie-Chart of Shareholding Pattern



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

Sl. No.	Name	Number of Equity Shares held			
		As on March 31, 2018		As on March 31, 2017	
		No. of Shares	% of Total	No. of Shares	% of Total
Promoters					
1.	Dr. Vijay Mallya (singly & jointly)	21,353,620	8.08	21,353,620	8.08
2.	United Breweries (Holdings) Limited	26,948,843	10.19	28,337,911	10.72
3.	Mallya Private Limited	9,786,666	3.70	9,786,666	3.70
4.	McDowell Holdings Limited	6,222,344	2.35	6,222,344	2.35
5.	Kamsco Industries Limited	5,523,636	2.09	5,523,636	2.09
6.	The Gem Investment & Trading Company Private Limited	4,315,132	1.63	4,315,132	1.63
7.	Pharma Trading Company Private Limited	1,514,366	0.57	1,514,366	0.57
8.	Devi Investments Private Limited	1,859,300	0.70	1,859,300	0.70
9.	UB Overseas Limited	427,740	0.16	427,740	0.16
10.	Vittal Investments Private Limited	375,955	0.14	375,955	0.14
11.	Scottish & Newcastle India Limited	89,994,960	34.04	89,994,960	34.04
12.	Heineken International BV	17,120,643	6.48	17,120,643	6.48
13.	Heineken UK Limited	8,489,270	3.21	8,489,270	3.21
	Total	**193,932,475**	**73.35**	**195,321,543**	**73.87**
Directors & Key Managerial Personnel					
1.	Mr. Shekhar Ramamurthy	1,150	0.00	1,150	0.00
2.	Mr. Sunil Alagh	1,000	0.00	1,000	0.00
3.	Mr. Govind Iyengar	NIL	NIL	NIL	NIL

Note: As per confirmation received from Registrar and Share Transfer Agent. Please also refer to point 10 on page 45 under the heading "Disclosures" in this report for further information.

Dematerialization of Shares

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

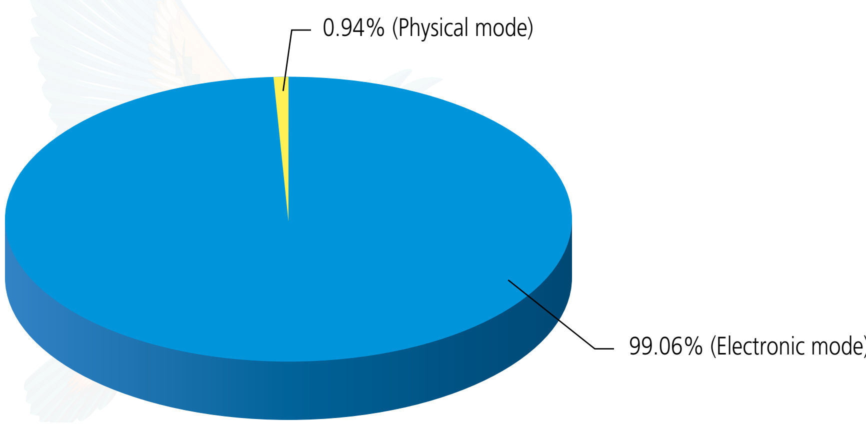
Effective December 05, 2018, transfer of Equity Shares of the Company held in physical form will not be processed and accepted in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), as amended by SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018. Members holding Equity Shares in physical form may open a demat account with any depository participant and get their physical shareholding converted into dematerialised form. This will bring numerous advantages including convenience in managing shareholding, transfer and trading in Equity Shares.

Procedure for dematerialisation of physical shareholding is placed on the website of the Company and can be viewed using the web-link http://unitedbreweries.com/pdf/investorinfo/Dematerialisation_Procedure.pdf.

The status of Dematerialization of the Company's Shares as on March 31, 2018 is as under:

Mode	No. of Shares	% age	No. of Shareholders
Physical mode	2,121,075	0.80	9,008
Electronic mode	262,284,074	99.20	23,125
TOTAL	**264,405,149**	**100.00**	**32,133**

Shares held in physical and demat form as on March 31, 2018



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

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

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

Independent Auditor's Report

To the Members of United Breweries Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of United Breweries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 42 to the accompanying standalone Ind AS financial statements, which more fully describes the uncertainty relating to the outcome of special leave petition filed by the Bihar State Government before the Honourable Supreme Court of India and the consequential impact thereof. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164(2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with respect to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;

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

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

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

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

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

per Mahendra Jain
Partner
Membership Number: 205839

Place of signature: Bengaluru
Date: May 24, 2018

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

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

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

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

(c) According to the information and explanations given by the management and confirmation from banks relating to title deeds of immovable properties mortgaged with the banks (refer Note 14 to the accompanying standalone Ind AS financial statements for details) for securing the borrowings raised by the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company, except for 1 immovable property of 9.04 acres (forming part of land parcel of 23.87 acres with gross book value of Rs. 211 Lakhs) where registration of title deed is pending, 2 immovable properties aggregating to 1.8 acres (forming part of land parcel of 142.96 acres with gross book value of Rs. 4,309 Lakhs) for which title deeds are under dispute and pending resolution at the Civil Courts as at March 31, 2018 and 3 immovable properties aggregating to 106.80 acres (with gross book value of Rs. 1,696 Lakhs) for which title deeds are held in the name of erstwhile merged entities.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with outside parties have been confirmed by them as at March 31, 2018 and no material discrepancies were noticed in respect of such confirmations.

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

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

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

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

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

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

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

Name of the statute	Nature of the dues	Amount (including interest and penalty) (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income tax/tax deducted at source	8,333	1,557	FY 2002-03 to 2009-10 and 2012-13	Income Tax Appellate Tribunal
		5,831	—	FY 2013-14	Dispute Resolution Panel
		5,278	1,200	FY 2002-03 to 2010-11	Commissioner of Income Tax (Appeals)
		2,759	458	FY 2001-02 to 2009-10	High Court of Madras
		2,159	664	FY 2003-04 to 2008-09	High Court of Karnataka
		20	—	FY 2007-08 to 2017-18	Commissioner of Income Tax (TDS)
The Finance Act, 1994	Service tax	7,220	—	2004-05 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal
		2,273	—	2010-11	Commissioner of Service Tax, Bangalore
		2,192	96	2009-10 to 2011-12	Commissioner of Customs and Central Excise, Aurangabad
		1	—	2012-13 to 2015-16	Deputy Commissioner (Audit) Central Excise, Customs & Service Tax
The Central Excise Act, 1944	Excise duty/ disallowance of cenvat credit	82	—	2010-11 to 2015-16	Commissioner of Customs, Central Excise & Service tax Appellate Tribunal
		67	9	2005-06 to 2007-08 and 2013-14 to 2014-15	Customs, Excise and Service Tax Appellate Tribunal
		28	—	2009-10 to 2015-16	Commissioner of Customs, Central Excise & Service tax (Appeals)
		16	—	2010-11 to 2014-15	Commissioner of Central Excise, Customs & Service Tax, Aurangabad
The Central Excise Act, 1944	Excise duty/ disallowance of cenvat credit	1	—	2007-08	Commissioner (Appeals) Central Excise, Chandigarh
State Excise (various statutes)	Excise duty, Storage and privilege fee, etc.	218	150	1999-00 to 2005-06	High Court of Karnataka
		56	—	2015-16	Deputy Commissioner, Guwahati

Independent Auditor's Report contd.

Name of the statute	Nature of the dues	Amount (including interest and penalty) (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
State Excise (various statutes) (Contd.)		43	13	1988-89	High Court of Calcutta
		38	38	2011-12 to 2015-16	High Court of Bombay at Goa
		36	—	2000-01 to 2014-15	The Commissioner of Prohibition and Excise, Chennai
		19	5	2008-09 to 2012-13	High Court of Madhya Pradesh
		7	2	2013-14	Rajasthan Tax Board, Ajmer
		3	—	2000-01 to 2003-04	Excise Commissioner, Karnataka
Sales Tax (various statutes)	Sales tax/Value added tax/Entry tax	5,883	2,394	2001-02 to 2013-14	Rajasthan Tax Board, Ajmer
		2,722	6	2008-09 to 2012-13	Joint Commissioner of Commercial Taxes (Appeal), Maharashtra
		579	24	2012-13	The Appeal Authority, Commercial Taxes, Alwar
		461	—	2014-15	Assistant Commercial Tax Officer, Ponda
		438	—	2006-07 and 2007-08	The West Bengal Sales Tax Appellate and Revisional Board
		274	45	2006-07, 2009-10, 2012-13 and 2015-16	Karnataka Appellate Tribunal
		246	20	2010-11 to 2011-12 and 2013-14	Joint Commissioner of Commercial Taxes (Appeal), Bengaluru
		188	—	2012-13 and 2013-14	The Joint Commissioner of Sales Tax
		186	118	2006-07 to 2008-09, 2011-12 to 2012-13 and 2014-15 to 2015-16	Joint Commissioner of Commercial Taxes (Appeal), Mangaluru
		92	—	2008-09 to 2011-12 and 2013-14	Joint Commissioner of Commercial Taxes (Appeal), Patna
		84	—	2007-08 to 2008-09	Supreme Court of India
		63	—	2002-03	Jt. Excise and Taxation Commissioner (Appeals), Faridabad
		22	8	2003-04 and 2006-07	Maharashtra Sales Tax Tribunal
		21	—	2011-12 to 2012-13	Commissioner of Commercial Taxes, Bihar
		17	2	2014-15	Additional Commissioner of Sales Tax, West Bengal

Name of the statute	Nature of the dues	Amount (including interest and penalty) (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax (various statutes) (Contd.)		13	—	2008-09 and 2011-12	The Commercial Taxes Tribunal, Bihar
		10	4	2005-06 to 2007-08	Sales Tax Appellate Tribunal, Andhra Pradesh
		7	—	2013-14 to 2014-15	Additional Commissioner of Commercial taxes (Appeal), Berhampur

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

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

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

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

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

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

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

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

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

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

per Mahendra Jain
Partner
Membership Number: 205839

Place of signature: Bengaluru
Date: May 24, 2018

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

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

We have audited the internal financial controls over financial reporting of United Breweries Limited ("the Company") as of March 31, 2018, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004
per Mahendra Jain
Partner
Membership Number: 205839
Place of signature: Bengaluru
Date: May 24, 2018

Balance sheet as at March 31, 2018

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

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,67,979	1,69,603
Capital work-in-progress		7,227	13,718
Intangible assets	4	2,526	2,952
Financial assets			
(i) Investments	5	2,557	2,550
(ii) Others	6	5,277	5,371
Income tax assets (net)		10,828	9,598
Other non-current assets	7	11,899	7,450
		2,08,293	2,11,242
Current assets			
Inventories	8	80,644	75,014
Financial assets			
(i) Trade receivables	9	1,49,835	1,29,535
(ii) Cash and cash equivalents	10	1,520	1,255
(iii) Bank balances other than (ii) above	11	496	900
(iv) Others	6	1,040	4,482
Other current assets	7	30,077	24,969
		2,63,612	2,36,155
Total assets		**4,71,905**	4,47,397
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	2,644	2,644
Other equity	13	2,66,201	2,30,608
		2,68,845	2,33,252
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	20,500	18,403
(ii) Others	15	907	773
Provisions	16	93	—
Deferred tax liability (net)	17	1,828	4,704
		23,328	23,880
Current liabilities			
Financial liabilities			
(i) Borrowings	18	5,278	21,190
(ii) Trade payables	19	52,272	45,988
(iii) Others	15	54,821	66,646
Other current liabilities	20	59,298	48,544
Provisions	16	8,063	7,897
		1,79,732	1,90,265
Total equity and liabilities		**4,71,905**	4,47,397
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 24, 2018

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director, CFO
DIN: 07573930

Govind Iyengar
Company Secretary

Place: Amsterdam
Date: May 24, 2018

Statement of profit and loss and other comprehensive income for the year ended March 31, 2018

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

	Notes	March 31, 2018	March 31, 2017
INCOME			
Revenue from operations (gross of excise duty)	21	12,42,661	10,22,816
Other income	22	1,298	5,160
Total		**12,43,959**	10,27,976
EXPENSES			
Cost of materials consumed	23	2,50,487	2,20,626
Purchase of stock-in-trade	24	11,343	825
Increase in inventories of finished goods, work-in-progress and stock-in-trade	25	2,286	(2,032)
Excise duty on sale of goods		6,80,958	5,49,404
Employee benefits expense	26	39,463	35,209
Finance costs	27	4,765	5,865
Depreciation and amortisation expense	28	25,960	28,695
Other expenses	29	1,68,014	1,54,667
Total		**11,83,276**	9,93,259
Profit before tax		**60,683**	34,717
Tax expenses	30		
Current tax		24,078	13,254
Deferred tax credit		(2,794)	(1,470)
Total tax expenses		**21,284**	11,784
Profit for the year		**39,399**	22,933
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plans		(469)	(387)
Income tax effect on above		164	134
Items that will be reclassified to profit or loss in subsequent periods			
Net movement in cash flow hedges	31	236	(504)
Income tax effect on above		(82)	174
		(151)	(583)
Total comprehensive income for the year		**39,248**	22,350
Earnings per equity share in Rs. [nominal value per share Re.1 (Previous year: Re.1)]	32		
Basic		14.90	8.67
Diluted		14.90	8.67
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 24, 2018

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director, CFO
DIN: 07573930

Govind Iyengar
Company Secretary

Place: Amsterdam
Date: May 24, 2018

Cash flow statement for the year ended March 31, 2018

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

		Notes	March 31, 2018	March 31, 2017
A	**Cash flow from operating activities**			
	Profit before tax		60,683	34,717
	Adjustments for:			
	Depreciation and amortisation expense		25,960	28,695
	Bad debts/advances written off		1	4
	Allowance for doubtful receivables		3,349	765
	Allowance for doubtful advances		333	21
	Net loss on sale of property, plant and equipment		60	7
	Exchange differences (net)		100	(26)
	Liabilities no longer required written back		(381)	(134)
	Allowance for doubtful receivables, no longer required written back		(382)	(1,158)
	Allowance for doubtful advances, no longer required written back		(2)	—
	Interest expense		4,707	5,807
	Interest income		(172)	(241)
	Dividend income		(23)	(12)
	Operating profits before working capital changes		**94,233**	68,445
	Movement in working capital:			
	(Increase)/decrease in Inventories		(5,630)	(6,279)
	(Increase)/decrease in Trade receivables		(23,242)	(17,261)
	(Increase)/decrease in Other financial assets		3,482	5,839
	(Increase)/decrease in Other assets		(6,481)	4,415
	Increase/(decrease) in Trade payables		6,540	4,334
	Increase/(decrease) in Other financial liabilities		2,063	7,668
	Increase/(decrease) in Other current liabilities and provisions		10,544	1,533
	Cash generated from operations		**81,509**	68,694
	Direct taxes paid (net of refund)		(25,308)	(14,306)
	Net cash flow from operating activities (A)		**56,201**	54,388
B	**Cash flow from investing activities**			
	Purchase of property, plant and equipment including capital work-in-progress and capital advances		(20,169)	(23,598)
	Proceeds from sale of property, plant and equipment		27	51
	Investments in shares		(7)	(3)
	Investments in bank deposits (having original maturity of more than three months)		(550)	(87)
	Redemption/maturity of bank deposits (having original maturity of more than three months)		899	39
	Interest received		185	233
	Dividend received from subsidiary company		23	12
	Net cash used in investing activities (B)		**(19,592)**	(23,353)

Cash Flow Statement contd.

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

	Notes	March 31, 2018	March 31, 2017
C Cash flow from financing activities			
Proceeds from long-term borrowings		7,500	*13,000*
Repayment of long-term borrowings		(19,784)	*(34,119)*
Proceeds from/(repayment of) short-term borrowings (net)		(15,912)	*(98)*
Interest paid		(5,073)	*(5,832)*
Dividend paid to equity shareholders		(2,461)	*(2,441)*
Dividend distribution tax paid		(614)	*(619)*
Net cash flow used in financing activities (C)		**(36,344)**	*(30,109)*
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**265**	*926*
Cash and cash equivalents at the beginning of the year		1,255	*329*
Cash and cash equivalents at the end of the year		**1,520**	*1,255*
Components of cash and cash equivalents			
Cash on hand		19	*12*
Bank balances on current accounts*		1,498	*1,238*
Bank balances on deposit accounts with original maturity of three months or less		3	*5*
Total cash and cash equivalents		**1,520**	*1,255*
Summary of significant accounting policies	2.1		

*Includes [Rs. 1,289 Lakhs (Previous Year: Rs. 709 Lakhs)] towards unpaid dividend accounts which can be utilised only towards settlement of unpaid dividends.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 24, 2018

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director, CFO
DIN: 07573930

Govind Iyengar
Company Secretary

Place: Amsterdam
Date: May 24, 2018

Statement of changes in equity for the year ended March 31, 2018

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

a) Equity share capital

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

	As at March 31, 2018		*As at March 31, 2017*	
	Numbers	Rs. in Lakhs	*Numbers*	*Rs. in Lakhs*
Balance at the beginning of the year	26,44,05,149	2,644	*26,44,05,149*	*2,644*
Changes during the year	—	—	—	—
Balance at the end of the year	**26,44,05,149**	**2,644**	*26,44,05,149*	*2,644*

b) Other equity

	Reserves and surplus				Items of OCI	
	Capital redemption reserve	Securities premium account	General reserve	Retained earnings	Cash flow hedge reserve	Total
	Note 13	Note 13	Note 13	Note 13	Note 13	
Balance as at April 1, 2016	24,690	62,938	25,068	99,222	—	2,11,918
Profit for the year	—	—	—	22,933	—	22,933
Other comprehensive income	—	—	—	(253)	(330)	(583)
Transfer from retained earnings	—	—	2,293	(2,293)	—	—
Cash dividends (Refer Note 13)	—	—	—	(3,041)	—	(3,041)
Dividend distribution tax	—	—	—	(619)	—	(619)
Balance as at March 31, 2017	**24,690**	**62,938**	**27,361**	**1,15,949**	**(330)**	**2,30,608**
Balance as at April 1, 2017	24,690	62,938	27,361	1,15,949	(330)	2,30,608
Profit for the year	—	—	—	39,399	—	39,399
Other comprehensive income	—	—	—	(305)	154	(151)
Transfer from retained earnings	—	—	3,940	(3,940)	—	—
Cash dividends (Refer Note 13)	—	—	—	(3,041)	—	(3,041)
Dividend distribution tax	—	—	—	(614)	—	(614)
Balance as at March 31, 2018	**24,690**	**62,938**	**31,301**	**1,47,448**	**(176)**	**2,66,201**

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 24, 2018

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director, CFO
DIN: 07573930

Govind Iyengar
Company Secretary

Place: Amsterdam
Date: May 24, 2018

Notes to the standalone Ind AS financial statements for the year ended March 31, 2018

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

1. Corporate information

United Breweries Limited ("UBL" or "the Company") is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The registered office of the Company is located at UB Tower, UB city, 24, Vittal Mallya Road, Bengaluru 560001, Karnataka, India. The Company is primarily engaged in the manufacture and sale of beer. The Company has manufacturing facilities in India.

2. Basis of preparation of standalone Ind AS financial statements

The standalone Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone Ind AS financial statements have been prepared on a historical cost basis, except for assets and liabilities which have been measured at fair value. The standalone Ind AS financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The significant accounting policies adopted for preparation and presentation of financial statements have been applied consistently except for the changes in accounting policy for amendments to the standard that were issued effective for annual period beginning from on or after April 1, 2017.

2.1 Summary of significant accounting policies

(a) Current versus non-current classification

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

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

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

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

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

(b) Foreign currencies

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

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

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

(c) Fair value measurement

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

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

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

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

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

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

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

(d) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ("ICAI"), the Company has assumed that recovery of excise duty flows to the Company on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty. However, sales tax/value added tax (VAT) is not received by the Company on its own account and is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

Sale of products

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of services

Royalty income is recognized, on an accrual basis, at agreed rate on sale of branded products by the licensee, in accordance with the terms of the agreement.

Income from contract manufacturing units

The Company evaluates its revenue arrangements with Contract Manufacturing Units ("CMUs") to identify agency relationship. The CMU is regarded as a principal when it has exposure to significant risks and rewards associated with the sale of products or rendering of services i.e., it has the primary responsibility for providing goods or services to the customer, has pricing latitude and is also exposed to inventory and credit risks. In all other cases, the CMU is regarded as an agent.

Where CMU is regarded as a principal, net surplus from sale of UBL brand products by CMU is recognized as income, as per the terms of respective agreement and on the basis of information provided by respective CMU. Such income is included under the head "other operating revenues" in the statement of profit and loss.

Where CMU is regarded as an agent, revenue is recognized on sale of products by CMU to its customers. The related cost of sales is also recognized by the Company, as and when incurred by the CMU.

Interest

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

Notes to the standalone Ind AS Financial Statements contd.

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

(e) Government grants

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

(f) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

When the tax incurred on purchase of assets or services is not recoverable from the taxation authority, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

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

Otherwise, expenses and assets are recognized net of the amount of sales/ value added taxes/goods and service tax paid. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(g) Property, plant and equipment

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

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful lives of the assets, estimated by the management, as follows:

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

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

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

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

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

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

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

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

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

(h) Intangible assets

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

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

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

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

	Useful life (years)
Goodwill	5
Licenses and rights	10
Brands	10

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

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

(j) Leases

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

The Company as a lessee

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

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

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

(k) Inventories

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

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

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

Stock-in-trade: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

(l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

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

(m) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement.

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

(n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

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

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

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

(o) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Notes to the standalone Ind AS Financial Statements contd.

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

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

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

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

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

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

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Company recognizes interest income, impairment losses and foreign exchange gain or loss in the profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

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

Investment in subsidiary and associate

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

De-recognition

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

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

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

Impairment of financial assets

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

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Subsequent measurement

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

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

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

De-recognition

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

Embedded derivatives

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

Reclassification of financial assets and liabilities

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

Offsetting of financial instruments

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

(p) Derivative financial instruments and hedge accounting

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

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

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

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

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

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

(q) Cash and cash equivalents

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

(r) Cash dividend to equity holders

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

(s) Contingent liabilities

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

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding

Notes to the standalone Ind AS Financial Statements contd.

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

during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(u) Segment reporting

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

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

(v) Significant accounting judgements, estimates and assumptions

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

The judgements, estimates and assumptions management has made which have the most significant effect on the amounts recognized in the standalone Ind AS financial statements are explained in relevant notes in the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

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

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

Previous year

	Cost				Depreciation/Amortisation				Net book value
	As at March 31, 2016	Additions	Deletions	As at March 31, 2016	As at April 1, 2015	For the year	On Deletions	As at March 31, 2016	As at March 31, 2016
Freehold land (refer note a)	20,066	—	—	20,066	—	—	—	—	20,066
Leasehold land (refer note b)	11,322	—	—	11,322	599	124	—	723	10,599
Buildings (refer note c)	55,257	1,728	10	56,975	14,208	2,088	4	16,292	40,683
Leasehold improvements	64	—	—	64	64	—	—	64	—
Plant and equipment	2,20,839	15,171	557	2,35,453	1,21,912	21,322	519	1,42,715	92,738
Office equipments	1,408	117	1	1,524	961	130	1	1,090	434
Computers	1,395	257	74	1,578	1,180	83	71	1,192	386
Furniture and fixtures	12,145	3,853	14	15,984	9,236	3,762	6	12,992	2,992
Laboratory equipments	3,022	188	50	3,160	1,516	279	47	1,748	1,412
Vehicles	1,008	23	—	1,031	652	86	—	738	293
Total	**3,26,526**	**21,337**	**706**	**3,47,157**	**1,50,328**	**27,874**	**648**	**1,77,554**	**1,69,603**

a) Freehold land measuring 9.04 acres at Kuthambakkum (Tamilnadu) is pending registration in the name of the Company and titles of freehold land measuring 1.78 acres and 0.02 acres at Nanjangud (Karnataka) and Mallepally (Telangana), respectively, are in dispute and pending resolution in the Civil Courts as at March 31, 2018. Further, title of freehold land measuring 63.07 acres at Kothlapur (Telangana) is held in the name of erstwhile merged entitiy.

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

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

	As at March 31, 2018	As at March 31, 2017
Gross block	26,981	24,261
Depreciation charge for the year	1,039	951
Accumulated depreciation	7,411	6,372
Net block	**19,570**	**17,889**

4. INTANGIBLE ASSETS

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

Previous year

	Cost				Depreciation / Amortisation				Net book value
	As at April 1, 2016	Additions	Deletions	As at March 31, 2017	As at April 1, 2016	For the year	On Deletions	As at March 31, 2017	As at March 31, 2017
Goodwill	6,543	—	—	6,543	6,543	—	—	6,543	—
Licenses and rights	10,336	235	—	10,571	6,798	821	—	7,619	2,952
Brands	631	—	—	631	631	—	—	631	—
Total	17,510	235	—	17,745	13,972	821	—	14,793	2,952

Notes to the standalone Ind AS Financial Statements contd.

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

	As at March 31, 2018		As at March 31, 2017	
5. FINANCIAL ASSETS - INVESTMENTS				
(Unquoted)				
Trade investments (at cost)				
Equity instruments				
Investments in subsidiary company				
Maltex Malsters Limited ('MML') [22,950 (Previous years: 22,950) equity shares of Rs. 100 each]	4,500		*4,500*	
Less: Provision for impairment in value of investments*	1,959	2,541	*1,959*	*2,541*
Investment in associate				
Kingfisher East Bengal Football Team Private Limited [4,999 (Previous years: 4,999) equity shares of Rs. 10 each]		1		*1*
Non-trade investments				
Equity instruments				
The Zoroastrian Co-operative Bank Limited [2,000 (Previous years: 2,000) equity shares of Rs. 25 each]		1		*1*
SABMiller India Limited (Formerly, Skol Breweries Limited) [300 (Previous years: 300) equity shares of Rs. 10 each]**		0		*0*
Castle Breweries Ltd. (Formerly, Jupiter Breweries Industries Limited) [50 (Previous years: 50) equity shares of Rs. 10 each]**		0		*0*
Mohan Meakin Limited [100 (Previous years: 100) equity shares of Rs. 5 each]**		0		*0*
Blossom Industries Limited [100 (Previous years: 100) equity shares of Rs. 3 each]**		0		*0*
The Cosmos Co-operative Bank Limited [1,000 (Previous years: 1,000) equity shares of Rs. 100 each]		1		*1*
Renew Wind Energy (Karnataka) Private Limited [3,000 (Previous years: Nil) equity shares of Rs. 100 each]		3		*3*
Mytrah Vayu (Manjira) Private Limited [72,000 (Previous year: Nil) equity shares of Rs. 10 each]		7		—
In government securities				
National savings certificate	18		*18*	
Less: Provision for impairment in value of investments	15	3	*15*	*3*
Total		**2,557**		*2,550*

* The impairment in value of investment in MML is due to continued delay in obtaining necessary approvals to expand malting facility at MML, leading to losses due to high overhead costs incurred on operating at its current level of capacity. In view of management, no further provision for impairment is considered necessary as at March 31, 2018.

** Rounded off.

	As at March 31, 2018	As at March 31, 2017
Aggregate amount of unquoted investments (net)	2,557	*2,550*
Aggregate amount of impairment in value of investments	(1,974)	*(1,974)*

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

	Non-current		Current	
	As at March 31, 2018	*As at March 31, 2017*	As at March 31, 2018	*As at March 31, 2017*
6. FINANCIAL ASSETS - OTHERS				
Unsecured, considered good				
Financial instruments at fair value through OCI				
Cross currency interest rate swap*	—	947	968	*4,397*
Financial assets at amortised cost				
Security deposits	5,080	4,282	—	—
Bank deposits with remaining maturity of more than 12 months	53	32	—	—
Margin money deposits towards bank guarantees	144	110	—	—
Interest accrued on fixed deposits, deposits and advances	—	—	72	*85*
	5,277	**5,371**	**1,040**	*4,482*
Unsecured, considered doubtful				
Security deposits	74	14	—	—
Less: Allowance for doubtful advances	74	14	—	—
	—	—	—	—
Total	**5,277**	**5,371**	**1,040**	*4,482*

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

	Non-current		Current	
7. OTHER ASSETS				
Unsecured, considered good				
Capital advances	4,208	*1,132*	—	—
Advances other than capital advances				
Advance to suppliers*	3,157	*3,055*	8,630	*6,306*
Advance to related party (Refer Note 38)	—	—	157	—
Employees and other advances	79	*74*	348	*208*
Prepaid expenses	169	*144*	5,429	*5,686*
Balance with statutory/ government authorities	3,647	*2,251*	15,513	*12,769*
Government grant receivable	639	*794*	—	—
	11,899	*7,450*	**30,077**	*24,969*
Unsecured, considered doubtful				
Capital advances	86	*82*	—	—
Advances other than capital advances				
Advance to suppliers	100	*100*	—	—
Balance with statutory/government authorities	267	—	—	—
Less: Allowance for doubtful advances	453	*182*	—	—
	—	—	—	—
Total	**11,899**	*7,450*	**30,077**	*24,969*

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

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

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

	As at March 31, 2018	As at March 31, 2017
8. INVENTORIES		
(valued at lower of cost and net realisable value)		
Raw materials [Includes in transit: Rs.20 Lakhs (March 31, 2017: Rs. 264 Lakhs)]	20,178	16,925
Packing materials and bottles [Includes in transit: Rs.473 Lakhs (March 31, 2017: Rs. 531 Lakhs)]	10,550	9,977
Work-in-progress	32,118	26,702
Finished goods*	13,567	15,638
Stock-in-trade	6	480
Stores and spares [Includes in transit: Rs. 53 Lakh (March 31, 2017: Rs. 1 Lakh)]	4,225	5,292
Total	**80,644**	75,014

*Net of provision for obsolete stock Rs. 1,024 Lakhs (March 31, 2017: Rs. 1,626 Lakhs).

	As at March 31, 2018	As at March 31, 2017
9. TRADE RECEIVABLES		
Considered good		
Secured	1,204	1,204
Unsecured	1,48,631	1,28,331
	1,49,835	1,29,535
Considered doubtful		
Unsecured	6,906	3,939
Less: Allowance for doubtful receivables	6,906	3,939
	—	—
Total	**1,49,835**	1,29,535

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

Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

	As at March 31, 2018	As at March 31, 2017
10. CASH AND CASH EQUIVALENTS		
Bank balances on current accounts*	1,498	1,238
Bank deposits with original maturity of three months or less	3	5
Cash on hand	19	12
Total	**1,520**	1,255

*Includes balance in unpaid dividend account Rs.1,289 Lakhs (March 31, 2017: Rs. 709 Lakhs) and balance in exchange earners foreign currency accounts Rs. 41 lakhs (March 31, 2017: Rs. Nil Lakhs).

	As at March 31, 2018	As at March 31, 2017
11. OTHER BANK BALANCES		
Bank deposits with original maturity of:		
Less than 12 months but more than 3 months	453	811
Greater than 12 months	43	89
Total	**496**	900

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

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

	As at March 31, 2018	As at March 31, 2017
12. EQUITY SHARE CAPITAL		
Authorised share capital		
4,12,98,00,000 (March 31, 2017: 4,12,98,00,000) equity shares of Re. 1 each	41,298	41,298
5,86,00,000 (March 31, 2017: 5,86,00,000) preference shares of Rs. 100 each	58,600	58,600
	99,898	99,898
Issued, subscribed and fully paid-up shares		
26,44,05,149 (March 31, 2017: 26,44,05,149) equity shares of Re. 1 each	2,644	2,644
	2,644	2,644

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

	As at March 31, 2018		As at March 31, 2017	
	Nos.	Rs. in Lakhs	Nos.	Rs.in Lakhs
At the beginning of the year	26,44,05,149	2,644	26,44,05,149	2,644
Issued during the year	—	—	—	—
Outstanding at the end of the year	**26,44,05,149**	**2,644**	26,44,05,149	2,644

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity share is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	Nos.	%	Nos.	%
Equity shares of Re.1 each fully paid				
Scottish & Newcastle India Limited	8,99,94,960	34.04%	8,99,94,960	34.04%
United Breweries (Holdings) Limited	2,69,48,843	10.19%	2,83,37,911	10.72%
Dr. Vijay Mallya (including joint holdings)	2,13,53,620	8.08%	2,13,53,620	8.08%
Heineken International B.V.	1,71,20,643	6.48%	1,71,20,643	6.48%

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

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

	As at March 31, 2018	As at March 31, 2017
Equity shares issued in 2012-13 on amalgamation of Scottish and Newcastle India Private Limited (Nos.)	84,89,270	84,89,270
Equity shares issued in 2011-12 on amalgamation of Chennai Breweries Private Limited, UB Nizam Breweries Private Limited, Millennium Beer Industries Limited and UB Ajanta Breweries Private Limited (Nos.)	98,60,211	98,60,211
	1,83,49,481	1,83,49,481

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

	As at March 31, 2018	As at March 31, 2017
13. OTHER EQUITY		
Capital redemption reserve		
Balance as per last standalone financial statements	24,690	24,690
Securities premium account		
Balance as per last standalone financial statements	62,938	62,938
General reserve		
Balance as per last standalone financial statements	27,361	25,068
Add: Transfer from statement of profit and loss	3,940	2,293
Closing balance	**31,301**	27,361
Cash flow hedge reserve		
Balance as per last standalone financial statements	(330)	—
Net movement on cash flow hedges (net of tax) (Refer Note 31)	154	(330)
Closing balance	**(176)**	(330)
Surplus in the statement of profit and loss		
Balance as per last standalone financial statements	1,15,949	99,222
Add: Profit for the year	39,399	22,933
Add: Other comprehensive income	(305)	(253)
Less: Appropriations		
Final equity dividend [amount per share Rs.1.15 (Previous year: Rs.1.15)]	(3,041)	(3,041)
Tax on equity dividend	(614)	(619)
Transfer to general reserve	(3,940)	(2,293)
Closing balance	**1,47,448**	1,15,949
Total reserves and surplus	**2,66,201**	2,30,608
Distribution made and proposed		
Cash dividends on equity shares declared and paid:		
"Dividend for the year ended March 31, 2017: Rs. 1.15 per share (March 31, 2016: Rs. 1.15 per share)"	3,041	3,041
Dividend distribution tax	614	619
	3,655	3,660
Proposed dividends on equity shares:		
"Dividend for the year ended on March 31, 2018: Rs.2 per share (March 31, 2017: Rs. 1.15 per share)"	5,288	3,041
Dividend distribution tax	1,087	619
	6,375	3,660

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

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

	Non-current position		Current position	
	As at March 31, 2018	*As at March 31, 2017*	**As at March 31, 2018**	*As at March 31, 2017*
14. FINANCIAL LIABILITIES – NON-CURRENT BORROWINGS				
Secured borrowings				
Foreign currency term loans				
External commercial borrowing from banks	—	*5,403*	*5,428*	*19,809*
Indian currency term loan from bank	20,500	*13,000*	—	—
	20,500	*18,403*	**5,428**	*19,809*
Less: Amount disclosed under the head "Other financial liabilities"(Refer Note 15)	—	—	*5,428*	*19,809*
Total	**20,500**	*18,403*	—	—

Secured borrowings

Nature of security	Repayment and other terms
Foreign currency term loans	
DBS Bank Ltd: Rs. Nil Lakhs (March 31, 2017: Rs. 14,407 Lakhs) secured by exclusive charge on immovable assets of the Company located at Goa, Kalyani and Khurda. Further, the loan is secured by pari-passu charge on immovable assets of the Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and all present and future movable assets of the Company other than assets of Taloja unit.	Repayable in 9 equal quarterly installments starting from February 27, 2016. The loan carried interest of 9.58% per annum.
Rabobank International: Rs. 5,428 Lakhs (March 31, 2017: Rs. 10,805 Lakhs) secured by pari-passu charge on immovable assets of the Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and on all movable assets of the Company, other than assets of Taloja.	Repayable in 3 equal annual installments commencing on February 8, 2017 till February 8, 2019. The loan carries interest of 9.78% per annum payable on quarterly basis.
Indian currency term loan	
BNP Paribas: Rs. 13,000 Lakhs (March 31, 2017: Rs. 13,000 Lakhs) secured by first pari-passu charge on all movable fixed assets of the Company, other than assets of Taloja unit.	Repayable after 3 years from the date of drawal i.e. on December 8, 2019 and March 14, 2020. The loan carries interest of 7.75% and 8.05% per annum payable on monthly basis.
Co-operatieve Rabobank U.A.: Rs. 7,500 (March 31, 2017: Rs. Nil Lakhs) secured by a pari-passu charge over all the movable fixed assets of the Company, other than assets of Taloja unit.	Repayable after 3 years from the date of drawal i.e. on December 22, 2020. The loan carries interest of 7.68% to 7.80% per annum payable on monthly basis.

Notes to the standalone Ind AS Financial Statements contd.

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

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
15. OTHER FINANCIAL LIABILITIES				
Financial liabilities at fair value through OCI*				
Cash flow hedge (Foreign currency forward contracts)	—	—	—	375
Financial liabilities at amortised cost				
Current maturities of long-term borrowings (Refer Note 14)	—	—	5,428	19,809
Liability for capital goods	—	—	3,847	3,434
Interest accrued but not due on borrowings	—	—	265	631
Security deposits	—	—	3,479	3,104
Unpaid dividends**	—	—	1,289	709
Salaries and bonus payable	907	773	4,255	2,751
Freight expenses payable	—	—	10,590	9,521
Other expenses payable	—	—	25,668	26,312
Total	**907**	773	**54,821**	66,646

* Financial liability at fair value though OCI reflect the change in fair value of foreign exchange forward contracts designated as cash flow hedge to hedge the foreign exchange risk on borrowings.

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

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
16. PROVISIONS				
Provision for employee benefits				
Gratuity	93	—	1,000	902
Compensated absences	—	—	3,551	3,180
	93	—	4,551	4,082
Other provisions				
Provision for litigations	—	—	3,233	2,897
Provision for claims	—	—	279	918
	—	—	3,512	3,815
Total	**93**	—	**8,063**	7,897

	At the beginning of the year	Additions during the year	Utilised during the year	Unused amounts reversed	At the end of the year
Provision for litigations	2,897	336	—	—	3,233
	(2,644)	(253)	—	—	(2,897)
Provision for claims	918	—	7	632	279
	(1,600)	—	—	(682)	(918)

Figures in brackets are of previous year.

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

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

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

	Balance sheet		Statement of profit and loss and other comprehensive income	
	As at March 31, 2018	*As at March 31, 2017*	**March 31, 2018**	*March 31, 2017*
17. DEFERRED TAX LIABILITY (NET)				
Deferred tax liabilities				
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	6,937	*8,086*	(1,149)	*(1,668)*
Fair valuation of cash flow hedges	—	—	—	*(75)*
	6,937	*8,086*	**(1,149)**	*(1,743)*
Deferred tax assets				
Allowance for doubtful debts and advances	2,597	*1,431*	1,166	*(118)*
Provision for gratuity and compensated absences	1,626	*1,416*	210	*(142)*
Fair valuation of cash flow hedges	9	*90*	(81)	*90*
Other provisions	877	*445*	432	*71*
	5,109	*3,382*	**1,727**	*(99)*
Net deferred tax liability	**1,828**	*4,704*		
Deferred tax credit			**(2,876)**	*(1,644)*
Reconciliation of movement in deferred tax liability (net)				
Balance at the beginning of the year	4,704	*6,348*		
Tax charge/(credit) during the year				
Recognised in profit and loss	(2,794)	*(1,470)*		
Recognised in OCI	(82)	*(174)*		
	(2,876)	*(1,644)*		
Balance at the end of the year	**1,828**	*4,704*		

	As at March 31, 2018	*As at March 31, 2017*
18. CURRENT BORROWINGS		
Secured borrowings		
Foreign currency short-term loan from bank	—	*4,841*
Indian currency cash credit from banks	4,678	*1,349*
Indian currency working capital demand loan from bank	600	*5,000*
	5,278	*11,190*
Unsecured borrowings		
Indian currency commercial papers [Nil (March 31, 2017: 2,000 of Rs. 5,00,000 each)]	—	*10,000*
	—	*10,000*
Total	**5,278**	*21,190*

Notes to the standalone Ind AS Financial Statements contd.

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

Secured borrowings

a) Foreign currency short-term loan was part of consortium facility and was secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi finished and finished goods, stores and spares and not relating to plant & machinery (consumables, stores & spares), bills receivable and book debt of the present and the future. This facility was fully hedged and was repayable on July 19, 2017 and carried interest rate of 8.43% per annum, payable on a monthly basis. The loan has been fully repaid during the year.

b) Cash credit facilities from banks are secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts both present and future. These are repayable on demand and carries interest in the range of 8.15% to 8.70% p.a.

c) Indian currency working capital demand loan is part of consortium facility and is secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi finished and finished goods, stores and spares and not relating to plant & machinery (consumables, stores & spares), bills receivable and book debt of the present and the future. This facility is repayable within 180 days and carries interest rate of 6.40% per annum to 7.90% per annum.

Unsecured borrowings

a) Commercial papers were repayable after a term of 60 days from issue and carried interest rate of 9.20% p.a. These have been fully repaid during the year.

	March 31, 2018	March 31, 2017
19. FINANCIAL LIABILITIES - TRADE PAYABLES		
Total outstanding dues of micro and small enterprises (Refer Note 36 for details)	481	551
Total outstanding dues of creditors other than micro and small enterprises (including acceptances)*	51,791	45,437
Total	**52,272**	45,988

*Includes dues to related parties (Refer Note 38)

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

	March 31, 2018	March 31, 2017
20. OTHER CURRENT LIABILITIES		
Statutory dues payable	56,059	45,523
Advances from customers	1,924	2,132
Advances from commission agents	1,315	889
Total	**59,298**	48,544

	March 31, 2018	March 31, 2017
21. REVENUE FROM OPERATIONS (GROSS OF EXCISE DUTY)		
Sale of products (including excise duty)*	12,16,235	10,00,426
Sale of services**	855	751
Other operating revenues	25,571	21,639
Total	**12,42,661**	10,22,816

* Includes sale of beer Rs. 12,07,424 Lakhs (Previous year: Rs. 9,93,895 Lakhs) and sale of malt Rs. 8,811 Lakhs (Previous year: Rs. 6,531 Lakhs).

** Royalty income

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

	March 31, 2018	March 31, 2017
22. OTHER INCOME		
Interest income on fixed deposits, deposits and advances	172	241
Dividend income on investment in subsidiary company	23	12
Government grant*	55	3,107
Liabilities no longer required written back	381	134
Allowance for doubtful receivables, no longer required written back	382	1,158
Allowance for doubtful advances, no longer required written back	2	—
Other non-operating income	283	508
Total	**1,298**	5,160

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

	March 31, 2018	March 31, 2017
23. COST OF MATERIALS CONSUMED		
Raw materials		
Inventories at the beginning of the year	16,925	13,487
Add: Purchases	99,551	88,624
Less: Inventories at the end of the year	20,178	16,925
Consumption	**96,298**	85,186
Packing materials and bottles		
Inventories at the beginning of the year	9,977	9,083
Add: Purchases	1,54,762	1,36,334
Less: Inventories at the end of the year	10,550	9,977
Consumption	**1,54,189**	1,35,440
Total	**2,50,487**	2,20,626
24. PURCHASES OF STOCK-IN-TRADE		
Beer	**11,343**	825
25. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS		
Inventories at the beginning of the year		
Finished goods	17,264	15,798
Stock-in-trade	480	110
Work-in-progress	26,702	24,810
	44,446	40,718
Less: Inventories at the end of the year		
Finished goods	14,591	17,264
Stock-in-trade	6	480
Work-in-progress	32,118	26,702
	46,715	44,446
Increase in inventories	**(2,269)**	(3,728)
Increase in excise duty on inventories	**4,555**	1,696
Total	**2,286**	(2,032)

Notes to the standalone Ind AS Financial Statements contd.

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

	March 31, 2018	March 31, 2017
26. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus*	34,789	30,684
Gratuity expense [refer note (i) below]	740	681
Contribution to provident and other funds [refer note (ii) below]	1,783	1,608
Staff welfare expenses	2,151	2,236
Total	**39,463**	**35,209**

*Net of reversal of provision no longer required amounting to Rs. 632 Lakhs (Previous year : Rs. 617 Lakhs).

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

	Gratuity		Provident fund	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	8,333	6,945	10,632	9,777
Current service cost	700	617	1,758	1,636
Interest cost	551	523	936	846
Benefits paid	(683)	(289)	(879)	(1,615)
Actuarial (gain)/loss	450	537	20	(12)
Obligations at end of the year	**9,351**	8,333	**12,467**	10,632
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	7,431	5,096	10,756	9,859
Expected return on plan assets	511	459	945	882
Contributions during the year	1,018	2,015	1,752	1,630
Benefits paid	(683)	(289)	(879)	(1,615)
Actuarial gain/(loss)	(19)	150	(4)	—
Plan assets at end of the year	**8,258**	7,431	**12,570**	10,756
Actual return on plan assets	492	609	941	882
c) Benefit asset/(liability)				
Fair value of plan assets	8,258	7,431	12,570	10,756
Less: Present value of the defined benefit obligations	9,351	8,333	12,467	10,632
Benefit asset/(liability)	**(1,093)**	(902)	**103**	124

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

	Gratuity		Provident fund	
	March 31, 2018	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*
d) Cost charged to profit or loss under employee cost				
Current service cost	700	*617*	1,758	*1,636*
Interest cost	551	*523*	936	*846*
Expected return on plan assets	(511)	*(459)*	(945)	*(882)*
Net employee benefit expense*	**740**	*681*	**1,749**	*1,600*

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

	Gratuity		Provident fund	
e) Re-measurement (gain)/loss recognised in other comprehensive income				
Actuarial (gain)/loss on liability	450	*537*	—	—
Actuarial (gain)/loss on assets	19	*(150)*	—	—
Net actuarial (gain)/loss	**469**	*387*	**—**	—
f) Major category of plan assets included in percentage of fair value of plan assets				
Government securities	—	—	6,303	*5,264*
Corporate bonds	—	—	6,267	*5,492*
Fund balance with insurance companies	8,258	*7,431*	—	—
Total	**8,258**	*7,431*	**12,570**	*10,756*

	Gratuity		Provident fund	
	March 31, 2018	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*
g) The principal assumptions used in determining gratuity and provident fund obligations for the Company plans are as shown below:				
Discount rate	7.40%	*6.90%*	7.40%	*6.90%*
Estimated rate of return on plan assets	8.25%	*8.25%*	8.60%	*8.75%*
Salary increase rate	10.00%-10.50%	*10.00%-10.50%*	10.00%-10.50%	*10.00%-10.50%*
Employee turnover	5.00%-15.00%	*5.00%-15.00%*	5.00%-15.00%	*5.00%-15.00%*

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

Notes to the standalone Ind AS Financial Statements contd.

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

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

	March 31, 2018		March 31, 2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation (gratuity)				
Discount rate	(571)	646	(539)	611
Salary increase rate	636	(575)	586	(528)
Employee turnover	(97)	107	(106)	117

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

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

	Gratuity		Provident fund	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Within next 12 months	1,000	902	2,049	1,741
Between 1 to 5 years	4,935	4,166	4,890	3,804
Between 5 to 10 years	6,510	6,039	3,085	2,867
Total	**12,445**	11,107	**10,024**	8,412

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

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

	March 31, 2018	March 31, 2017
Provident fund	1,207	1,129
Superannuation fund and national pension scheme	508	441
Employees state insurance fund	68	38
Total	**1,783**	1,608

	March 31, 2018	March 31, 2017
27. FINANCE COSTS		
Interest expense	4,707	5,807
Other borrowing costs	58	58
Total	**4,765**	5,865
28. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	25,534	27,874
Amortisation of intangible assets	426	821
Total	**25,960**	28,695

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

	March 31, 2018		March 31, 2017	
29. OTHER EXPENSES				
Consumption of stores and spares		10,786		8,901
Power and fuel		14,785		13,605
Rent		3,974		3,666
Repairs and maintenance				
Plant and machinery		3,892		3,126
Buildings		347		274
Others		1,000		868
Insurance		1,063		880
Rates and taxes		9,940		11,462
Auditor remuneration				
Statutory audit fee	141		131	
Limited review fee	27		25	
Tax audit fee	19		17	
Others	22	209	22	195
Sales promotion expenses [net of reversal of Rs. 851 Lakhs (Previous year: Rs. 394 Lakhs)]		31,086		35,932
Outward freight, halting and breakage expenses		33,860		31,085
Selling and distribution expense [net of reversal of Rs. 981 Lakhs (Previous year: Rs. 1,126 Lakhs)]		34,744		25,621
CSR expenditure (refer details below)		886		774
Bad debts/advances written off		1		4
Allowance for doubtful receivables		3,349		765
Allowance for doubtful advances		333		21
Net loss on sale of property, plant and equipment		60		7
Exchange differences (net)		100		(26)
Miscellaneous expenses		17,599		17,507
Total		**1,68,014**		1,54,667
Details of CSR expenditure				
Gross amount required to be spent by the Company during the year		782		774
Amount spent during the year (other than on construction/ acquisition of any asset)		886		727
Amount yet to be spent/paid		—		47
Total		**886**		774

Notes to the standalone Ind AS Financial Statements contd.

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

	March 31, 2018	March 31, 2017
30. TAX EXPENSES		
Income tax related to items charged or credited to statement of profit and loss during the year:		
Profit and loss section		
Current tax	24,078	13,254
Deferred tax credit	(2,794)	(1,470)
Total	**21,284**	11,784
Other comprehensive income		
Deferred tax charge/(credit) on		
Re-measurement of defined benefit plan	164	134
Net movement in cash flow hedges	(82)	174
Total	**82**	308
Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:		
Accounting profit before income tax	**60,683**	34,717
Tax as per statutory income tax rate of 34.61% (Previous year: 34.61%)	21,002	12,016
Allowances/exemptions under Income tax	(229)	(986)
Non-deductible expenses for tax purposes		
CSR expenditure	307	268
Other non-deductible expenses	204	486
Income tax expense reported in statement of profit and loss account	**21,284**	11,784
Effective tax rate	**35%**	34%
31. NET MOVEMENT IN CASH FLOW HEDGES		
Fair value loss on cross currency interest rate swaps and forward contracts	261	(509)
Less: Reclassified to statement of profit or loss	25	(5)
	236	(504)
Deferred tax effect on above	(82)	174
Net movement in cash flow hedges	**154**	(330)
32. EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computation:		
Net profit attributable to equity shareholders	39,399	22,933
Weighted average number of equity shares considered for calculating basic/diluted EPS	26,44,05,149	26,44,05,149
Earnings per share (Basic/Diluted)	**14.90**	8.67

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

33. OPERATING LEASE

The Company has entered into operating lease arrangements for vehicles, computers, equipments, manufacturing facility, office premises and employee residential premises. These leases are for a period of 11 to 60 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 6 to 60 months. There are certain sub-lease restrictions placed upon the Company by entering into these leases. The total lease rentals expense for the year is Rs. 3,974 Lakhs (Previous year: Rs. 3,666 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:t

	March 31, 2018	*March 31, 2017*
Within one year	336	*654*
After one year but not more than five years	196	—
More than five years	—	—
Total	**532**	*654*

34. CAPITAL AND OTHER COMMITMENTS

	March 31, 2018	*March 31, 2017*
a) Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	3,330	*3,272*
b) Other contractual commitments	1,194	*828*
Total	**4,524**	*4,100*

For commitments relating to lease arrangements, refer Note 33.

35. CONTINGENT LIABILITIES

	March 31, 2018	*March 31, 2017*
a) Claims against the Company not acknowledged as debts*		
Income tax	32,575	*29,555*
Service tax	22,930	*22,930*
Sales tax	16,529	*13,630*
Excise duty	461	*490*
Water charges	3,157	*3,055*
Employee state insurance/provident fund	84	*80*
Others	4,890	*4,892*
b) Other money for which the Company is contingently liable		
Bank guarantees	5,373	*2,301*
Letter of credit	821	*948*
Total	**86,820**	*77,881*

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

In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have material effect on the Company's results of operations or financial condition.

Notes to the standalone Ind AS Financial Statements contd.

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

	March 31, 2018	March 31, 2017
36. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	481	*551*
- Interest due on above	5	*17*
Total	**486**	*568*
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year	49	*68*
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	268	*219*

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

37. SEGMENT REPORTING

The Company is engaged in the manufacture and sale of beer including licensing of brands which constitutes a single operating segment, hence, there are no additional disclosures required, other than those already provided in the standalone Ind AS financial statements. Information about geographical areas is as below:

	March 31, 2018	March 31, 2017
Revenue from external customers (gross of excise duty)		
India	12,20,334	*10,22,338*
Outside India	22,327	*478*
Total	**12,42,661**	*10,22,816*
The above information is based on the location of customers.		
Non-current operating assets		
India	1,77,732	*1,86,273*
Outside India	—	—
Total	**1,77,732**	*1,86,273*

Non-current assets for this purpose consists of property, plant and equipment, capital work-in-progress and intangible assets.

Revenue from customers individually contributing more than 10% of the Company's revenue aggregates to Rs. 2,59,068 Lakhs (Previous year: Rs.2,25,556 Lakhs).

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

38. RELATED PARTY DISCLOSURES

A. Name of related parties and related party relationships

Related party where control exists:

Subsidiary	Maltex Malsters Limited ('MML')

Related parties under Ind AS 24 with whom transactions have taken place during the year:

Associate	: Kingfisher East Bengal Football Team Private Limited ('KEBFTPL')
Enterprises having significant influence	: Scottish & Newcastle India Limited, UK ('SNIL') United Breweries (Holdings) Limited ('UBHL')
Key management personnel (KMP)	: Mr. Shekhar Ramamurthy, Managing Director Mr. Steven Bosch, Director, CFO (effective October 1, 2016) Mr. Henricus Petrus van Zon, Director, CFO (till September 30, 2016)
Enterprises over which investing parties or KMP have significant influence	: Heineken UK Limited ('HUL'), holding company of SNIL Heineken International B.V. ('HIBV') Heineken Brouwerijen B.V. ('HBBV') Heineken Supply Chain B.V. ('HSCBV') Heineken Asia Pacific Pte. Ltd. ('HAPPL') Heineken Ceska Republika ('HCR') Force India F1 Team Limited, UK ('Force India')

Additional related parties as per the Companies Act, 2013 with whom transactions have taken place during the year:

Directors	: Dr. Vijay Mallya* Mr. A K Ravi Nedungadi Mr. Sijbe Hiemstra Mr. Frans Erik Eusman Mr. Stephan Gerlich Mrs. Kiran Majumdar Shaw Mr. Madhav Bhatkuly Mr. Chugh Yoginder Pal Mr. Chhaganlal Jain Mr. Sunil Alagh Mr. Christiaan August J Van Steenbergen (effective November 8, 2017)

*The Securities and Exchange Board of India vide its order dated January 25, 2017 restrained Dr. Vijay Mallya from holding position as Director or Key Managerial Person of any listed company. Pursuant to the decision of the Board at its meeting held on July 4, 2017, the Company had communicated on July 6, 2017 to Dr. Mallya and his associate companies (promoters of the Company) to nominate a director on the Board in his place in terms of the Articles of Association of the Company. Further, pursuant to the decision of the Board at its meeting held on August 10, 2017, the Company carried out necessary filings with the Registrar of Companies, Karnataka (ROC) and Stock Exchanges notifying Dr. Mallya's cessation from holding the position of director in the Company. The applicable form relating to cessation of directorship has since been approved by the ROC.

Key management personnel (KMP):	: Mr. Govind Iyengar, Company Secretary
Relative of director or KMP	: Mr. Umesh Hingorani
Body corporate/Private companies whose Board of directors is accustomed to act in accordance with advise, directions or instructions of a director (included in 'Others' below)	: United Breweries International (UK) Limited, UK ('UBIUK') Mandwa Farms Private Limited ('MFPL') H. Parson Private Limited ('HPPL') Blitz Publications Private Limited ('BPPL')

Notes to the standalone Ind AS Financial Statements contd.

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

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
a) Transactions during the year												
Sale of products												
UBHL	–	–	–	–	–	582	–	–	–	–	–	–
HPPL	–	–	–	–	–	–	–	–	–	–	11,719	12,500
	–	–	**–**	–	**–**	582	**–**	–	**–**	–	**11,719**	12,500
Royalty income												
UBIUK	–	–	–	–	–	–	–	–	–	–	21	21
HPPL	–	–	–	–	–	–	–	–	–	–	2	5
	–	–	**–**	–	**–**	–	**–**	–	**–**	–	**23**	26
Purchase of materials												
HSCBV	–	–	–	–	–	–	–	–	8	4	–	–
HAPPL	–	–	–	–	–	–	–	–	80	–	–	–
	–	–	**–**	–	**–**	–	**–**	–	**88**	4	**–**	–
Processing charges paid												
MML	1,200	1,627	–	–	–	–	–	–	–	–	–	–
	1,200	1,627	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Sales promotion expenses												
KEBFTPL	–	–	429	1,075	–	–	–	–	–	–	–	–
Force India	–	–	–	–	–	–	–	–	2,334	2,444	–	–
HPPL	–	–	–	–	–	–	–	–	–	–	252	162
	–	–	**429**	1,075	**–**	–	**–**	–	**2,334**	2,444	**252**	162
Rent expense												
UBHL	–	–	–	–	84	81	–	–	–	–	–	–
MFPL	–	–	–	–	–	–	–	–	–	–	–	159
BPPL	–	–	–	–	–	–	–	–	–	–	11	42
	–	–	**–**	–	**84**	81	**–**	–	**–**	–	**11**	201
Technical service fees												
HIBV	–	–	–	–	–	–	–	–	600	600	–	–
	–	–	**–**	–	**–**	–	**–**	–	**600**	600	**–**	–

Notes to the standalone Ind AS Financial Statements contd.

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2018	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*
Royalty paid												
UBHL	–	–	–	–	–	*518*	–	–	–	–	–	–
HBBV	–	–	–	–	–	–	–	–	503	*317*	–	–
	–	–	**–**	–	**–**	*518*	**–**	–	**503**	*317*	**–**	–
Consultancy fees paid												
HSCBV	–	–	–	–	–	–	–	–	72	*54*	–	–
HIBV	–	–	–	–	–	–	–	–	12	*14*	–	–
HBBV	–	–	–	–	–	–	–	–	2	–	–	–
	–	–	**–**	–	**–**	–	**–**	–	**86**	*68*	**–**	–
Reimbursements received												
UBHL	–	–	–	–	–	*3*	–	–	–	–	–	–
	–	–	–	–	–	*3*	–	–	–	–	–	–
Reimbursements paid												
MML	2	*10*	–	–	–	–	–	–	–	–	–	–
UBHL	–	–	–	–	–	*17*	–	–	–	–	–	–
HIBV	–	–	–	–	–	–	–	–	327	*353*	–	–
HBBV	–	–	–	–	–	–	–	–	–	*12*	–	–
HCR	–	–	–	–	–	–	–	–	5	*41*	–	–
HPPL	–	–	–	–	–	–	–	–	–	–	80	*87*
	2	*10*	**–**	–	**–**	*17*	**–**	–	**332**	*406*	**80**	*87*
Rent received												
KEBFTPL	–	–	1	*1*	–	–	–	–	–	–	–	–
	–	–	**1**	*1*	**–**	–	**–**	–	**–**	–	**–**	–
Remuneration paid [Refer (b) below]												
Mr. Shekhar Ramamurthy	–	–	–	–	–	–	841	*822*	–	–	–	–
Mr. Henricus Petrus van Zon	–	–	–	–	–	–	–	*327*	–	–	–	–
Mr. Steven Bosch	–	–	–	–	–	–	340	*253*	–	–	–	–
Mr. Govind Iyenger	–	–	–	–	–	–	161	*161*	–	–	–	–
Mr. Umesh Hingorani	–	–	–	–	–	–	94	*111*	–	–	–	–
	–	–	**–**	–	**–**	–	**1,436**	*1,674*	**–**	–	**–**	–

Notes to the standalone Ind AS Financial Statements contd.

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2017	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*
Sitting fee paid												
Dr. Vijay Mallya [refer (c) below]	–	–	–	–	–	–	–	*6*	–	–	–	–
Mr. A K Ravi Nedungadi	–	–	–	–	–	–	13	*11*	–	–	–	–
Mr. Sijbe Hiemstra	–	–	–	–	–	–	3	*5*	–	–	–	–
Mr. Frans Erik Eusman	–	–	–	–	–	–	8	*8*	–	–	–	–
Mr. Stephan Gerlich	–	–	–	–	–	–	6	*5*	–	–	–	–
Mrs. Kiran Majumdar Shaw	–	–	–	–	–	–	7	*5*	–	–	–	–
Mr. Madhav Bhatkuly	–	–	–	–	–	–	6	*8*	–	–	–	–
Mr. Chugh Yoginder Pal	–	–	–	–	–	–	14	*18*	–	–	–	–
Mr. Chhaganlal Jain	–	–	–	–	–	–	20	*19*	–	–	–	–
Mr. Sunil Alagh	–	–	–	–	–	–	16	*18*	–	–	–	–
Mr. Christiaan August J Van Steenbergen	–	–	–	–	–	–	1	*–*	–	–	–	–
	–	–	–	–	–	–	94	*103*	–	–	–	–
Director Commission												
Dr. Vijay Mallya	–	–	–	–	–	–	–	*64*	–	–	–	–
[Refer (c) below]							75	*28*				
Mr. A K Ravi Nedungadi	–	–	–	–	–	–	75	*28*	–	–	–	–
Mr. Stephan Gerlich	–	–	–	–	–	–	75	*28*	–	–	–	–
Mrs. Kiran Majumdar Shaw	–	–	–	–	–	–	75	*28*	–	–	–	–
Mr. Madhav Bhatkuly	–	–	–	–	–	–	75	*28*	–	–	–	–
Mr. Chugh Yoginder Pal	–	–	–	–	–	–	75	*28*	–	–	–	–
Mr. Chhaganlal Jain	–	–	–	–	–	–	75	*28*	–	–	–	–
Mr. Sunil Alagh												
	–	–	**–**	–	**–**	–	**525**	*260*	**–**	–	**–**	–
Dividend paid on equity shares												
SNIL	–	–	–	–	1,035	*1,035*	–	–	–	–	–	–
UBHL [Refer (c) below]	–	–	–	–	326	*326*	–	–	–	–		
Dr. Vijay Mallya (including joint holdings) [Refer (c) below]	–	–	–	–	–	–	245	*245*	–	–	–	–
HUL	–	–	–	–	–	–	–	–	98	*98*	–	–
HIBV	–	–	–	–	–	–	–	–	197	*176*	–	–
	–	–	**–**	–	**1,361**	*1,361*	**245**	*245*	**295**	*274*	**–**	–

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2017	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*
Dividend received												
MML	23	*11*	–	–	–	–	–	–	–	–	–	–
	23	*11*	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
b) Balances outstanding as at year end												
Investment in equity shares												
MML	4,500	*4,500*	–	–	–	–	–	–	–	–	–	–
KEBFTPL	–	–	1	*1*	–	–	–	–	–	–	–	–
	4,500	*4,500*	**1**	*1*	**–**	–	**–**	–	**–**	–	**–**	–
Provision for diminution in value of investments												
MML	1,959	*1,959*	–	–	–	–	–	–	–	–	–	–
	1,959	*1,959*	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Trade receivables (gross)												
HPPL	–	–	–	–	–	–	–	–	–	–	177	*769*
UBIUK	–	–	–	–	–	–	–	–	–	–	33	*50*
	–	–	**–**	–	**–**	–	**–**	–	**–**	–	**210**	*819*
Security deposits												
UBHL	–	–	–	–	65	*65*	–	–	–	–	–	–
	–	–	**–**	–	**65**	*65*	**–**	–	**–**	–	**–**	–
Advance												
MML	157	–	–	–	–	–	–	–	–	–	–	–
	157	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Security deposits (liability)												
HPPL	–	–	–	–	–	–	–	–	–	–	10	*10*
	–	–	–	–	–	–	–	–	–	–	10	*10*

Notes to the standalone Ind AS Financial Statements contd.

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2017	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*
Trade payables												
MML	168	*57*	–	–	–	–	–	–	–	–	–	–
KEBFTPL	–	–	29	*179*	–	–	–	–	–	–	–	–
UBHL	–	–	–	–	306	*319*	–	–	–	–	–	–
HIBV	–	–	–	–	–	–	–	–	521	*480*	–	–
HBBV	–	–	–	–	–	–	–	–	114	*72*	–	–
HSCBV	–	–	–	–	–	–	–	–	36	*14*	–	–
BPPL	–	–	–	–	–	–	–	–	–	–	–	*3*
	168	*57*	**29**	*179*	**306**	*319*	**–**	–	**671**	*566*	**–**	*3*

(a) Fixed assets with gross block of Rs. 275 Lakhs (Previous year : Rs. 235 Lakhs) are lying with MML.

(b) The remuneration to key managerial personnel and relatives does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the Company as a whole.

(c) The Company received an order dated September 30, 2015 from the Debt Recovery Tribunal, Karnataka, Bangalore (DRT) whereby the Company has been directed not to pay/release amounts that may be payable with respect to shares in the Company held by an erstwhile director (including his joint holdings) and United Breweries (Holdings) Limited, without its prior permission. Accordingly, the Company has withheld payment of Rs. 1,127 Lakhs relating to dividend on aforesaid shares and the Company would also withhold payment of proposed dividend for the year ended March 31, 2018 on aforesaid shares, which is subject to approval by the shareholders in the ensuing annual general meeting.

The Company received an order dated March 11, 2016 from the Deputy Commissioner of Income Tax (International Taxation), Bangalore, requesting the Company to create a charge in favour of the Central Government on any amount due or likely to be due to a director of the Company, to the extent of Rs. 67,980 Lakhs relating to tax demands on Kingfisher Airlines Limited. The Company also received an order dated June 28, 2016 from the Commissioner of Income Tax (TDS), prohibiting the Company from making any payment in the nature of salary, remuneration, allowances, etc. to an erstwhile director of the Company. Further, the Company received an order dated September 19, 2017 from the Assistant Provident Fund Commissioner & Recovery Officer, whereby the Company has been directed to remit to the authorities amount to the extent of Rs. 874 Lakhs from any amount payable or that may accrue in future to an erstwhile director. The Company has accordingly withheld payment of Rs. 45 Lakhs (net of TDS) relating to director commission and sitting fees payable to the aforesaid erstwhile director.

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

39. FINANCIAL INSTRUMENTS FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the standalone Ind AS financial statements are categorised within the fair value hierarchy, as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value measurement hierarchy of the Company's assets and liabilities is as below:

	Carrying amount	Fair values		
		Level 1	Level 2	Level 3
As at March 31, 2018				
Financial assets measured at fair value				
Cross currency interest rate swap	968	968	—	—
As at March 31, 2017				
Financial assets measured at fair value				
Cross currency interest rate swap	5,344	5,344	—	—
Financial assets measured at fair value				
Cash flow hedge (Foreign currency forward contracts)	375	375	—	—

There has been no transfers between levels during the year.

The fair values of Cross currency interest rate swap and Foreign currency forward contracts are derived from quoted market prices in active markets.

The management assessed that the carrying values of investments, trade and other receivables, cash and short term deposits, other assets, borrowings, trade and other payables and balances with related parties, based on their notional amounts, reasonably approximate their fair values because these instruments have short-term maturities and are re-priced frequently.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, trade and other receivables, cash and cash equivalents, bank balances, security deposits and derivatives that are out of regular business operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company.

The risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below. supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

Notes to the standalone Ind AS Financial Statements contd.

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

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, derivatives financial instruments and trade payables.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates. The Company has hedged its borrowings with interest rate swaps, therefore the changes in the interest rate will not have impact on future cash flows.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	March 31, 2018		*March 31, 2017*	
	1% increase	**1% decrease**	*1% increase*	*1% decrease*
Impact on profit before tax	(258)	258	*(193)*	*193*

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's foreign currency borrowings and trade payable. The Company has hedged exposure to fluctuations in foreign exchange rates for all of its foreign currency borrowings with cross currency swaps and forward contracts, therefore the changes in the currency rates will not have impact on future cash flows.

The summary of derivative instruments and unhedged foreign currency exposure is as below:

Derivatives outstanding as at the reporting date

Type	**Purpose**	**March 31, 2017**		*March 31, 2017*	
		USD (in millions)	Rs. in Lakhs	*USD (in millions)*	*Rs. in Lakhs*
Cross currency swaps*	Hedge of foreign currency loans – Principal and interest	8.33	5,428	*39.00*	*25,212*
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	8.33	5,428	*39.00*	*25,212*
Forward contracts	Hedge of foreign currency loans – Principal and interest	—	—	*7.47*	*4,841*

*Amount disclosed represents the underlying principal amount of loan.

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

Un-hedged foreign currency exposure as at the reporting date:

	As at March 31, 2018	As at March 31, 2017
Trade receivables	1,878	—
Capital advances	47	458
Advances to suppliers	6,112	3,637
Trade payables	1,892	1,326
Liability for capital goods	400	96

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant and after the impact of hedge accounting.

	March 31, 2018		March 31, 2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	57	(57)	27	(27)

iii. Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of Beer and therefore require a continuous supply of Barley. The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

The following table shows the effect of price changes in Barley:

	March 31, 2018		March 31, 2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	(239)	239	(260)	260

b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Company's exposure to credit risk arises majorly from trade and other receivables. Other financial assets like security deposits and bank deposits are mostly with government authorities and nationalised banks and hence, the Company does not expect any credit risk with respect to these financial assets. With respect to trade receivables, significant portion includes dues from state government corporations, hence probability of default is remote. The Company has constituted regional and corporate credit committees to review trade receivables on periodic basis and to take necessary mitigations, wherever required.

The Company creates allowance for all unsecured trade receivables based on lifetime expected credit loss. The summary of changes in allowance for doubtful receivables is as below:

	March 31, 2018	March 31, 2017
Balance at the beginning of the year	3,939	4,332
Allowance recognised/(reversed) during the year, net	2,967	(393)
Balance at the end of the year	**6,906**	3,939

Notes to the standalone Ind AS Financial Statements contd.

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

c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The table below summarises the maturity profile of the Company's financial liabilities:

	Maturities			Total
	Upto 1 year	**1-2 years**	**2-3 years**	
March 31, 2018				
Non-current borrowings	—	13,000	7,500	20,500
Current borrowings	5,278	—	—	5,278
Trade payables	52,272	—	—	52,272
Other financial liabilities	54,821	606	301	55,728
Total	**1,12,371**	**13,606**	**7,801**	**1,33,778**
March 31, 2017				
Non-current borrowings	—	5,403	13,000	18,403
Current borrowings	21,190	—	—	21,190
Trade payables	45,988	—	—	45,988
Other financial liabilities	66,646	773	—	67,419
Total	**1,33,824**	**6,176**	**13,000**	**1,53,000**

41. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and capital ratios in order to support its business and maximise shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, all non-current and current borrowings reduced by cash and cash equivalents and other bank balances.

	Notes	As at March 31, 2018	*As at March 31, 2017*
Non-current borrowings	14	20,500	*18,403*
Current maturities of non-current borrowings	15	5,428	*19,809*
Current borrowings	18	5,278	*21,190*
Less: Cash and cash equivalents	10	1,520	*1,255*
Less: Other bank balances	11	496	*900*
Net debt		**29,190**	*57,247*
Equity share capital	12	2,644	*2,644*
Other equity	13	2,66,201	*2,30,608*
Total capital		**2,68,845**	*2,33,252*
Gearing ratio		**11%**	*25%*

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

42. The Bihar State Government ("the Government") vide its notification dated April 5, 2016 imposed ban on trade and consumption of foreign liquor in the State of Bihar with immediate effect. The Company filed a writ petition with the Honourable High Court at Patna ("the High Court"), requesting remedies and compensation for losses incurred on account of such abrupt notification. The High Court vide its order dated September 30, 2016 ("the Order") allowed the aforesaid writ petition, however, the Government preferred a special leave petition against the Order before the Honourable Supreme Court of India ("the Supreme Court"). As an interim measure, the Supreme Court directed stay of operation of the Order.

Further, pursuant to notification dated January 24, 2017, the Government did not renew existing brewery licenses for the financial year 2017-18 and consequently the Company was required to destroy or drain all its inventories of finished goods lying at Bihar, including those at warehouses of Bihar State Beverages Corporation Limited ('BSBCL'), for which the Supreme Court had extended time till July 31, 2017. Accordingly, effective April 1, 2017, the Company discontinued production of beer at Bihar and had given its consent to BSBCL to destroy / drain all its inventories lying with them, without prejudice to remedies and compensation available from its representation pending before the Supreme Court. The Company has obtained permission from authorities for manufacture of non-alcoholic beverages at its existing manufacturing facility at Bihar and has initiated necessary steps towards commencement of operations for the new product line.

As at March 31, 2018, the Company has property, plant and equipment (net) of Rs. 21,232 Lakhs (March 31, 2017: Rs. 23,530 Lakhs) at its unit in Bihar. Management believes that the carrying amount of these property, plant and equipment do not exceed their recoverable amount and is confident of utilization of these assets either for the new product line relating to non-alcoholic beverages in Bihar or for manufacturing units in other states. Accordingly, no provision has been considered necessary by the management in this regard.

43. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ind AS 115 - Revenue from Contract with Customers

Ind AS 115 was issued on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede virtually all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 1, 2018.

The Company plans to adopt the new standard on the required effective date and is currently assessing the adoption method and the potential impact, the adoption of this standard will have on its financial statements and disclosures.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the impact of this amendment on its financial statements.

Notes to the standalone Ind AS Financial Statements contd.

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

43. Previous year figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 24, 2018

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director, CFO
DIN: 07573930

Govind Iyengar
Company Secretary

Place: Amsterdam
Date: May 24, 2018

Independent Auditor's Report on the Consolidated Financial Statements

To the Members of United Breweries Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of United Breweries Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in paragraph (a) of the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditors on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associate as at March 31, 2018, their consolidated profit including consolidated other comprehensive income, and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 43 to the accompanying consolidated Ind AS financial statements, which more fully describes the uncertainty relating to the outcome of special leave petition filed by the Bihar State Government before the Honourable Supreme Court of India and the consequential impact thereof. Our opinion is not qualified in respect of this matter.

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of a subsidiary, whose Ind AS financial statements include total assets of Rs. 1,095 Lakhs (March 31, 2017 – Rs. 812 Lakhs) and net assets of Rs. 600 Lakhs (March 31, 2017 – Rs. 567 Lakhs) as at March 31, 2018, and total revenues of Rs. 1,300 Lakhs (March 31, 2017 – Rs. 1,791 Lakhs) and net cash inflows of Rs. 134 Lakhs (March 31, 2017 – Rs. 17 Lakhs) for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditors.

Our above opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors.

(b) The accompanying consolidated Ind AS financial statements does not include the Holding Company's share of net profit for the year ended March 31, 2018 in respect of an associate, which is considered as not material to the Group.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary and except for the non-availability of audited financial statements of an associate, as stated in the 'Other Matters' paragraph above, we report, to the extent applicable, that:

(a) We/the other auditors, whose report we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and report of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 and taken on record by the Board of Directors of the Holding Company and the report of the auditors who are appointed under section 139 of the Act, of its subsidiary company incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of section 164(2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary company incorporated in India, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other Matters' paragraph above:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 16 and 35 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended March 31, 2018.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place of signature: Bengaluru
Date: May 24, 2018

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of United Breweries Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associate as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements.

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

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

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

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

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2018, based on the internal controls over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements insofar as it relates to subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. The accompanying consolidated Ind AS financial statements does not include the Holding Company's share of net profit for the year ended March 31, 2018 in respect of an associate, which is considered as not material to the Group.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place of signature: Bengaluru
Date: May 24, 2018

Consolidated Balance Sheet as at March 31, 2018

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

	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,68,034	1,69,663
Capital work-in-progress		7,227	13,718
Intangible assets	4	2,526	2,952
Goodwill on consolidation (net)		2,421	2,421
Financial assets			
(i) Investments	5	16	9
(ii) Others	6	5,307	5,401
Income tax assets (net)		10,795	9,566
Other non-current assets	7	11,964	7,606
		2,08,290	2,11,336
Current assets			
Inventories	8	80,800	75,084
Financial assets			
(i) Trade receivables	9	1,49,857	1,29,540
(ii) Cash and cash equivalents	10	1,535	1,262
(iii) Bank balances other than (ii) above	11	889	1,167
(iv) Others	6	1,040	4,482
Other current assets	7	29,931	24,999
		2,64,052	2,36,534
Total assets		**4,72,342**	4,47,870
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	2,644	2,644
Other equity	13	2,66,382	2,30,777
		2,69,026	2,33,421
Non-controlling interest Liabilities		**294**	278
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	20,500	18,403
(i) Others	15	907	773
Provisions	16	93	—
Deferred tax liability (net)	17	1,822	4,695
		23,322	23,871
Current liabilities			
Financial liabilities			
(i) Borrowings	18	5,278	21,190
(ii) Trade payables	19	52,172	45,955
(iii) Others	15	54,879	66,701
Other current liabilities	20	59,304	48,552
Provisions	16	8,067	7,902
		1,79,700	1,90,300
Total equity and liabilities		**4,72,342**	4,47,870
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 24, 2018

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director, CFO
DIN: 07573930

Govind Iyengar
Company Secretary

Place: Amsterdam
Date: May 24, 2018

Consolidated Statement of profit and loss and other comprehensive income for the year March 31, 2018

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

	Notes	March 31, 2018	March 31, 2017
INCOME			
Revenue from operations (gross of excise duty)	21	12,43,062	10,22,980
Other income	22	1,313	5,171
Total		**12,44,375**	10,28,151
EXPENSES			
Cost of materials consumed	23	2,49,589	2,18,999
Purchase of stock-in-trade	24	11,343	825
Increase in inventories of finished goods, work-in-progress and stock-in-trade	25	2,214	(2,032)
Excise duty on sale of goods		6,81,160	5,50,061
Employee benefits expense	26	39,922	35,628
Finance costs	27	4,765	5,865
Depreciation and amortisation expense	28	25,965	28,705
Other expenses	29	1,68,635	1,55,287
Total		**11,83,593**	9,93,338
Profit before tax		**60,782**	34,813
Tax expenses	30		
Current tax		24,110	13,291
Deferred tax credit		(2,791)	(1,470)
Total tax expenses		**21,319**	11,821
Profit for the year		**39,463**	22,992
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plants		(469)	(387)
Income tax effect on above		164	134
Items that will be reclassified to profit or loss in subsequent periods			
Net movementin cash flow hedges	31	236	(504)
Income tax effect on above		(82)	174
		(151)	(583)
Total comprehensive income for the year		**39,312**	22,409
Profit for the year attributable to:			
Equity shareholders of the Holding Company		39,420	22,957
Non-controlling interest		43	35
		39,463	22,992
Total comprehensive income for the year attributable to:			
Equity shareholders of the Holding Company		39,269	22,374
Non-controlling interest		43	35
		39,312	22,409
Earnings per equity share in Rs.	32		
[nominal value per share Re.1 (Previous year: Re.1)]			
Basic		14.93	8.70
Diluted		14.93	8.70
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 24, 2018

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director, CFO
DIN: 07573930

Govind Iyengar
Company Secretary

Place: Amsterdam
Date: May 24, 2018

Consolidated Cash Flow Statement for the year ended March 31, 2018

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

	Notes	March 31, 2018	March 31, 2017
A Cash flow from operating activities			
Profit before tax		60,782	34,813
Adjustments for:			
Depreciation and amortisation expense		25,965	28,705
Bad debts/advances written off		1	4
Allowance for doubtful receivables		3,349	765
Allowance for doubtful advances		333	21
Net loss on sale of property, plant and equipment		60	7
Exchange differences (net)		100	(26)
Liabilities no longer required written back		(381)	(134)
Allowance for doubtful receivables, no longer required written back		(382)	(1,158)
Allowance for doubtful advances, no longer required written back		(2)	—
Interest expense		4,707	5,807
Interest income		(209)	(263)
Operating profits before working capital changes		**94,323**	68,541
Movement in working capital:			
(Increase)/decrease in Inventories		(5,716)	(6,279)
(Increase)/decrease in Trade receivables		(23,284)	(17,261)
(Increase)/decrease in Other financial assets		3,482	5,839
(Increase)/decrease in Other assets		(6,214)	4,374
Increase/(decrease) in Trade payables		6,471	4,346
Increase/(decrease) in Other financial liabilities		2,066	7,662
Increase/(decrease) in Other current liabilities and provisions		10,541	1,535
Cash generated from operations		**81,669**	68,757
Direct taxes paid (net of refund)		(25,339)	(14,352)
Net cash flow from operating activities (A)		**56,330**	54,405
B Cash flow from investing activities			
Purchase of property, plant and equipment including capital work-in-progress and capital advances		(20,169)	(23,601)
Proceeds from sale of property, plant and equipment		27	52
Investments in shares		(7)	(3)
Investments in bank deposits (having original maturity of more than three months)		(676)	(105)
Redemption/maturity of bank deposits (having original maturity of more than three months)		899	39
Interest received		222	255
Net cash used in investing activities (B)		**(19,704)**	(23,363)

Consolidated Cash Flow Statement contd.

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

	Notes	March 31, 2018	*March 31, 2017*
C Cash flow from financing activities			
Proceeds from long-term borrowings		7,500	*13,000*
Repayment of long-term borrowings		(19,784)	*(34,121)*
Proceeds from/(repayment of) short-term borrowings (net)		(15,912)	*(98)*
Interest paid		(5,073)	*(5,832)*
Dividend paid to equity shareholders		(2,461)	*(2,441)*
Dividend distribution tax paid		(623)	*(624)*
Net cash flow used in financing activities (C)		**(36,353)**	*(30,116)*
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**273**	*926*
Cash and cash equivalents at the beginning of the year		1,262	*336*
Cash and cash equivalents at the end of the year		**1,535**	*1,262*
Components of cash and cash equivalents			
Cash on hand		20	*12*
Bank balances on current accounts*		1,512	*1,245*
Bank balances on deposit accounts with original maturity of three months or less		3	*5*
Total cash and cash equivalents		**1,535**	*1,262*
Summary of significant accounting policies	2.1		

*Includes Rs. 1,289 Lakhs (Previous Year: Rs. 709 Lakhs) towards unpaid dividend accounts which can be utilised only towards settlement of unpaid dividends.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 24, 2018

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director, CFO
DIN: 07573930

Govind Iyengar
Company Secretary

Place: Bengaluru
Date: May 24, 2018

Consolidated statement of changes in equity for the year ended March 31, 2018

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

a) Equity share capital

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

	As at March 31, 2018		*As at March 31, 2017*	
	Numbers	Rs. in Lakhs	*Numbers*	*Rs. in Lakhs*
Balance at the beginning of the year	26,44,05,149	2,644	*26,44,05,149*	*2,644*
Changes during the year	—	—	—	—
Balance at the end of the year	**26,44,05,149**	**2,644**	*26,44,05,149*	*2,644*

b) Other equity

	Attributable to the equity shareholders of the Holding Company						
	Reserves and surplus				Items of OCI		
	Capital redemption reserve	Securities premium account	General reserve	Retained earnings	Cash flow hedge reserve	Total	Non controlling interests
	Note 13	Note 13	Note 13	Note 13	Note 13		
Balance as at April 1, 2016	24,690	62,938	25,245	99,195	—	2,12,068	253
Profit for the year	—	—	—	22,957	—	22,957	35
Other comprehensive income	—	—	—	(253)	(330)	(583)	—
Transfer from retained earnings	—	—	2,343	(2,343)	—	—	—
Cash dividends (Refer Note 13)	—	—	—	(3,041)	—	(3,041)	(8)
Dividend distribution tax	—	—	—	(624)	—	(624)	(2)
Balance as at March 31, 2018	**24,690**	**62,938**	**27,588**	**1,15,891**	**(330)**	**2,30,777**	**278**
Balance as at April 1, 2017	24,690	62,938	27,588	1,15,891	(330)	2,30,777	278
Profit for the year	—	—	—	39,420	—	39,420	43
Other comprehensive income	—	—	—	(305)	154	(151)	—
Transfer from retained earnings	—	—	3,990	(3,990)	—	—	—
Cash dividends (Refer Note 13)	—	—	—	(3,041)	—	(3,041)	(23)
Dividend distribution tax	—	—	—	(623)	—	(623)	(4)
Balance as at March 31, 2017	**24,690**	**62,938**	**31,578**	**1,47,352**	**(176)**	**2,66,382**	**294**

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 24, 2018

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director, CFO
DIN: 07573930

Govind Iyengar
Company Secretary

Place: Amsterdam
Date: May 24, 2018

Notes to Consolidated Ind AS Financial Statements for the year ended March 31, 2018

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

1. Corporate information

The consolidated Ind AS financial statements comprise financial statements of United Breweries Limited ("UBL" or "the Holding Company") and its subsidiary (collectively, "the Group"). UBL is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The registered office of the Holding Company is located at UB Tower, UB city, 24, Vittal Mallya Road, Bengaluru 560001, Karnataka, India. The Group is primarily engaged in the manufacture and sale of beer. The Group has manufacturing facilities in India.

2. Basis of preparation of consolidated Ind AS financial statements

The consolidated Ind AS financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The consolidated Ind AS financial statements have been prepared on a historical cost basis, except for assets and liabilities which have been measured at fair value. The consolidated Ind AS financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

The significant accounting policies adopted for preparation and presentation of the consolidated Ind AS financial statements have been applied consistently except for the changes in accounting policy for amendments to the standard that were issued effective for annual period beginning from on or after April 1, 2017.

Basis of consolidation

The consolidated Ind AS financial statements comprise the financial statements of the Holding Company, its subsidiary and associate as below:

Name of the company	Relationship	Country of incorporation	% of Ownership Interest	
			As at March 31, 2018	As at March 31, 2017
Maltex Malsters Limited ("MML")	Subsidiary	India	51%	51%
Kingfisher East Bengal Football Team Private Limited ("KEBFTPL")*	Associate	India	49.99%	49.99%

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

The control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31.

Consolidation procedure

(i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary.

(ii) Offset the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

(iii) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full).

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests; recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 Summary of significant accounting policies

(a) Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Previous GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(b) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiary.

The Group's interest in associate has been considered as not material to the Group and hence the investment in associate has been recognized at cost.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the statement of profit or loss.

(c) Current versus non-current classification

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

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

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

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

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

(d) Foreign currencies

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

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

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

(e) Fair value measurement

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

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

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

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

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

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

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

(f) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the Institute of Chartered Accountants of India ("ICAI"), the Group has assumed that recovery of excise duty flows to the Group on its own account and hence is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty. However, sales tax/value added tax (VAT) is not received by the Group on its own account and is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

Sale of products
Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of services
Royalty income is recognized, on an accrual basis, at agreed rate on sale of branded products by the licensee, in accordance with the terms of the agreement.

Income from contract manufacturing units
The Group evaluates its revenue arrangements with Contract Manufacturing Units ("CMUs") to identify agency relationship. The CMU is regarded as a principal when it has exposure to significant risks and rewards associated with the sale of products or rendering of services i.e., it has the primary responsibility for providing goods or services to the customer, has pricing latitude and is also exposed to inventory and credit risks. In all other cases, the CMU is regarded as an agent.

Where CMU is regarded as a principal, net surplus from sale of UBL brand products by CMU is recognized as income, as per the terms of respective agreement and on the basis of information provided by respective CMU. Such income is included under the head "other operating revenues" in the consolidated statement of profit and loss.

Where CMU is regarded as an agent, revenue is recognized on sale of products by CMU to its customers. The related cost of sales is also recognized by the Group, as and when incurred by the CMU.

Interest
Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross

carrying amount of the financial asset. Interest income is included under the head "other income" in the consolidated statement of profit and loss.

Dividends

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(g) Government grants

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

(h) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

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

(i) Property, plant and equipment

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

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful lives of the assets, estimated by the management, as follows:

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

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

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

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

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

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

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

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

(j) Intangible assets

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

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

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

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

	Useful life (years)
Goodwill	5
Licenses and rights	10
Brands	10

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

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

(l) Leases

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

The Group as a lessee

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

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

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

(m) Inventories

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

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

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

Stock-in-trade: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

(n) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

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

(o) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss, net of any reimbursement.

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

(p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

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

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

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Group presents the leave as a current liability in the consolidated balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

Notes to Consolidated Ind AS Financial Statements contd.

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

(q) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

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

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

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

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

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

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

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

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

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

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

De-recognition

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

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

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

Impairment of financial assets

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

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated profit or loss.

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

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

De-recognition

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

Embedded derivatives

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

These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets and liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no re-classification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a re-classification is made only if there is a change in the business model for managing those assets. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations.

If the Group reclassifies financial assets, it applies the re-classification prospectively from the re-classification date, which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

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

(r) Derivative financial instruments and hedge accounting

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

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

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

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

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

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

(s) Cash and cash equivalents

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

(t) Cash dividend to equity holders

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

(u) Contingent liabilities

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

(v) Earnings per share

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

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

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

(w) Segment reporting

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

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

(x) Significant accounting judgements, estimates and assumptions

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

The judgements, estimates and assumptions management has made which have the most significant effect on the amounts recognized in the consolidated Ind AS financial statements are explained in relevant notes in the consolidated Ind AS financial statements.

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Notes to Consolidated Ind AS Financial Statements contd.

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

3. PROPERTY, PLANT AND EQUIPMENT

	Cost				Depreciation/Amortisation				Net book value
	As at April 1, 2017	Additions	Deletions	As at March 31, 2018	As at April 1, 2017	For the year	On Deletions	As at March 31, 2018	As at March 31, 2018
Freehold land (refer note a)	20,067	—	—	20,067	—	—	—	—	20,067
Leasehold land (refer note b)	11,322	194	—	11,516	723	124	—	847	10,669
Buildings (refer note c)	57,116	4,207	5	61,318	16,409	2,099	5	18,503	42,815
Leasehold improvements	64	—	—	64	64	—	—	64	—
Plant and equipment	2,36,047	18,222	2,301	2,51,968	1,43,278	21,304	2,222	1,62,360	89,608
Office equipments	1,525	143	10	1,658	1,091	135	10	1,216	442
Computers	1,578	78	10	1,646	1,192	90	10	1,272	374
Furniture and fixtures	15,989	935	12	16,912	12,997	1,467	6	14,458	2,454
Laboratory equipments	3,160	218	39	3,339	1,748	251	37	1,962	1,377
Vehicles	1,069	—	1	1,068	772	69	1	840	228
Total	**3,47,937**	**23,997**	**2,378**	**3,69,556**	**1,78,274**	25,539	2,291	**2,01,522**	**1,68,034**

Previous year

	Cost				Depreciation/Amortisation				Net book value
	As at April 1, 2016	Additions	Deletions	As at March 31, 2017	As at April 1, 2016	For the year	On Deletions	As at March 31, 2017	As at March 31, 2017
Freehold land (refer note a)	20,067	—	—	20,067	—	—	—	—	20,067
Leasehold land (refer note b)	11,322	—	—	11,322	599	124	—	723	10,599
Buildings (refer note c)	55,398	1,728	10	57,116	14,321	2,092	4	16,409	40,707
Leasehold improvements	64	—	—	64	64	—	—	64	—
Plant and equipment	2,21,433	15,173	559	2,36,047	1,22,472	21,325	519	1,43,278	92,769
Office equipments	1,409	117	1	1,525	963	130	2	1,091	434
Computers	1,395	257	74	1,578	1,180	83	71	1,192	386
Furniture and fixtures	12,149	3,854	14	15,989	9,240	3,763	6	12,997	2,992
Laboratory equipments	3,022	188	50	3,160	1,516	279	47	1,748	1,412
Vehicles	1,046	23	—	1,069	684	88	—	772	297
Total	**3,27,305**	**21,340**	**708**	**3,47,937**	**1,51,039**	**27,884**	**649**	**1,78,274**	**1,69,663**

a) Freehold land measuring 9.04 acres at Kuthambakkum (Tamilnadu) is pending registration in the name of the Company and titles of freehold land measuring 1.78 acres and 0.02 acres at Nanjangud (Karnataka) and Mallepally (Telangana), respectively, are in dispute and pending resolution in the Civil Courts as at March 31, 2018. Further, title of freehold land measuring 63.07 acres at Kothlapur (Telangana) is held in the name of erstwhile merged entitiy.

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

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

	As at March 31, 2018	As at March 31, 2017
Gross block	26,981	24,261
Depreciation charge for the year	1,039	951
Accumulated depreciation	7,411	6,372
Net block	**19,570**	17,889

Notes to Consolidated Ind AS Financial Statements contd.

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

4. INTANGIBLE ASSETS

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

Previous year

	Cost				*Depreciation / Amortisation*				*Net book value*
	As at April 1, 2016	*Additions*	*Deletions*	*As at March 31, 2017*	*As at April 1, 2016*	*For the year*	*On Deletions*	*As at March 31, 2017*	*As at March 31, 2017*
Goodwill	*6,543*	—	—	*6,543*	*6,543*	—	—	*6,543*	—
Licenses and rights	*10,336*	*235*	—	*10,571*	*6,798*	*821*	—	*7,619*	*2,952*
Brands	*631*	—	—	*631*	*631*	—	—	*631*	—
Total	*17,510*	*235*	—	*17,745*	*13,972*	*821*	—	*14,793*	*2,952*

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Notes to Consolidated Ind AS Financial Statements contd.

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

		As at March 31, 2018		As at March 31, 2017
5. INVESTMENTS (unquoted)				
Trade investments				
Equity instruments				
Investment in associate				
Kingfisher East Bengal Football Team Private Limited [4,999 (Previous years: 4,999) equity shares of Rs. 10 each]		1		1
Non-trade investments				
Equity instruments				
The Zoroastrian Co-operative Bank Limited [2,000 (Previous years: 2,000) equity shares of Rs. 25 each]		1		1
SABMiller India Limited (Formerly, Skol Breweries Limited) [300 (Previous years: 300) equity shares of Rs. 10 each]*		0		0
Castle Breweries Ltd. (Formerly, Jupiter Breweries Industries Limited) [50 (Previous years: 50) equity shares of Rs. 10 each]*		0		0
Mohan Meakin Limited [100 (Previous years: 100) equity shares of Rs. 5 each]*		0		0
Blossom Industries Limited [100 (Previous years: 100) equity shares of Rs. 3 each]*		0		0
The Cosmos Co-operative Bank Limited [1,000 (Previous years: 1,000) equity shares of Rs. 100 each]		1		1
Renew Wind Energy (Karnataka) Private Limited [3,000 (Previous years: Nil) equity shares of Rs. 100 each]		3		3
Mytrah Vayu (Manjira) Private Limited [72,000 (Previous year: Nil) equity shares of Rs. 10 each]		7		—
In government securities				
National savings certificate	18		18	
Less: Provision for impairment in value of investments	15	3	15	3
Total		**16**		9
*Rounded off.				
Aggregate amount of unquoted investments (net)		16		9
Aggregate amount of impairment in value of investments		(15)		(15)

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

	Non-current		Current	
	As at March 31, 2018	*As at March 31, 2017*	**As at March 31, 2018**	*As at March 31, 2017*
6. FINANCIAL ASSETS - OTHERS				
Unsecured, considered good				
Financial instruments at fair value through OCI				
Cross currency interest rate swap*	—	947	968	4,397
Financial assets at amortised cost				
Security deposits	5,110	4,312	—	—
Bank deposits with original maturity of more than 12 months	53	32	—	—
Margin money deposits towards bank guarantees	144	110	—	—
Interest accrued on fixed deposits, deposits and advances	—	—	72	85
	5,307	5,401	**1,040**	4,482
Unsecured, considered doubtful				
Security deposits	74	14	—	—
Less: Allowance for doubtful advances	74	14	—	—
	—	—	—	—
Total	**5,307**	**5,401**	**1,040**	4,482

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

	Non-current		Current	
	As at March 31, 2018	*As at March 31, 2017*	**As at March 31, 2018**	*As at March 31, 2017*
7. OTHER ASSETS				
Unsecured, considered good				
Capital advances	4,208	1,132	—	—
Advances other than capital advances				
Advance to suppliers*	3,157	3,055	8,607	6,306
Employees and other advances	79	74	378	233
Prepaid expenses	169	144	5,433	5,691
Balance with statutory/government authorities	3,712	2,407	15,513	12,769
Government grant receivable	639	794	—	—
	11,964	7,606	**29,931**	24,999
Unsecured, considered doubtful				
Capital advances	86	82	—	—
Advances other than capital advances				
Advance to suppliers	100	100	—	—
Balance with statutory/government authorities	267	—	—	—
Less: Allowance for doubtful advances	453	182	—	—
	—	—	—	—
Total	**11,964**	7,606	**29,931**	24,999

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

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

Notes to Consolidated Ind AS Financial Statements contd.

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

8. INVENTORIES

(valued at lower of cost and net realisable value)

	As at March 31, 2018	As at March 31, 2017
Raw materials [Includes in transit: Rs.20 Lakhs (March 31, 2017: Rs. 264 Lakhs)]	20,178	*16,925*
Packing materials and bottles [Includes in transit: Rs.473 Lakhs (March 31, 2017: Rs. 531 Lakhs)]	10,550	*9,977*
Work-in-progress	32,190	*26,702*
Finished goods*	13,567	*15,638*
Stock-in-trade	6	*480*
Stores and spares [Includes in transit: Rs. 53 Lakh (March 31, 2017: Rs. 1 Lakh)]	4,309	*5,362*
Total	**80,800**	*75,084*

*Net of provision for obsolete stock Rs. 1,024 Lakhs (March 31, 2017: Rs. 1,626 Lakhs).

9. TRADE RECEIVABLES

	As at March 31, 2018	As at March 31, 2017
Considered good		
Secured	1,204	*1,204*
Unsecured	1,48,653	*1,28,336*
	1,49,857	*1,29,540*
Considered doubtful		
Unsecured	6,906	*3,939*
Less: Allowance for doubtful receivables	6,906	*3,939*
	—	—
Total	**1,49,857**	*1,29,540*

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

Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

10. CASH AND CASH EQUIVALENTS

	As at March 31, 2018	As at March 31, 2017
Bank balances on current accounts*	1,512	*1,245*
Bank deposits with original maturity of three months or less	3	*5*
Cash on hand	20	*12*
Total	**1,535**	*1,262*

*Includes balance in unpaid dividend account Rs.1,289 Lakhs (March 31, 2017: Rs. 709 Lakhs) and balance in exchange earners foreign currency accounts Rs. 41 lakhs (March 31, 2017: Rs. Nil Lakhs).

11. OTHER BANK BALANCES

	As at March 31, 2018	As at March 31, 2017
Bank deposits with original maturity of:		
Less than 12 months but more than 3 months	846	1,078
Greater than 12 months	43	89
Total	**889**	**1,167**

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

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

	As at March 31, 2018	As at March 31, 2017
12. EQUITY SHARE CAPITAL		
Authorised share capital		
4,12,98,00,000 (March 31, 2017: 4,12,98,00,000) equity shares of Re. 1 each	41,298	*41,298*
5,86,00,000 (March 31, 2017: 5,86,00,000) preference shares of Rs. 100 each	58,600	*58,600*
	99,898	*99,898*
Issued, subscribed and fully paid-up shares		
26,44,05,149 (March 31, 2017: 26,44,05,149) equity shares of Re. 1 each	2,644	*2,644*
	2,644	*2,644*

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

	As at March 31, 2018		As at March 31, 2017	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
At the beginning of the year	26,44,05,149	2,644	*26,44,05,149*	*2,644*
Issued during the year	—	—	—	—
Outstanding at the end of the year	**26,44,05,149**	**2,644**	*26,44,05,149*	*2,644*

b) Terms/rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity share is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	Nos.	%	Nos.	%
Equity shares of Re.1 each fully paid				
Scottish & Newcastle India Limited	8,99,94,960	34.04%	*8,99,94,960*	*34.04%*
United Breweries (Holdings) Limited	2,69,48,843	10.19%	*2,83,37,911*	*10.72%*
Dr. Vijay Mallya (including joint holdings)	2,13,53,620	8.08%	*2,13,53,620*	*8.08%*
Heineken International B.V.	1,71,20,643	6.48%	*1,71,20,643*	*6.48%*

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

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

	As at March 31, 2018	As at March 31, 2017
Equity shares issued in 2012-13 on amalgamation of Scottish and Newcastle India Private Limited (Nos.)	84,89,270	*84,89,270*
Equity shares issued in 2011-12 on amalgamation of Chennai Breweries Private Limited, UB Nizam Breweries Private Limited, Millennium Beer Industries Limited and UB Ajanta Breweries Private Limited (Nos.)	98,60,211	*98,60,211*
	1,83,49,481	*1,83,49,481*

Notes to Consolidated Ind AS Financial Statements contd.

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

13. OTHER EQUITY

	As at March 31, 2018	As at March 31, 2017
Capital redemption reserve		
Balance as per last consolidated financial statements	24,690	24,690
Securities premium account		
Balance as per last consolidated financial statements	**62,938**	62,938
General reserve		
Balance as per last consolidated financial statements	27,588	25,245
Add: Transfer from statement of profit and loss	3,990	2,343
Closing balance	**31,578**	27,588
Cash flow hedge reserve		
Balance as per last consolidated financial statements	**(330)**	—
Net movement on cash flow hedges (net of tax)	154	(330)
Closing balance	**(176)**	(330)
Surplus in the statement of profit and loss		
Balance as per last consolidated financial statements	1,15,891	99,195
Add: Consolidated profit for the year	39,420	22,957
Add: Other comprehensive income	(305)	(253)
Less: Appropriations		
Final equity dividend [amount per share Rs. 1.15 (Previous year: Rs.1.15)]	(3,041)	(3,041)
Tax on equity dividend	(623)	(624)
Transfer to general reserve	(3,990)	(2,343)
Closing balance	**1,47,352**	1,15,891
Total reserves and surplus	**2,66,382**	2,30,777
Distribution made and proposed		
Cash dividends on equity shares declared and paid:		
Dividend for the year ended March 31, 2017: Rs. 1.15 per share (March 31, 2016: Rs. 1.15 per share)	3,041	3,041
Dividend distribution tax	623	624
	3,664	3,665
Proposed dividends on equity shares:		
Dividend for the year ended on March 31, 2018: Rs. 2 per share (March 31, 2017: Rs. 1.15 per share)	5,288	3,041
Dividend distribution tax	1,087	628
	6,375	3,669

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

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

	Non-current position		Current position	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
14. FINANCIAL LIABILITIES – NON-CURRENT BORROWINGS				
Secured borrowings				
Foreign currency term loans				
External commercial borrowing from banks	—	5,403	5,428	19,809
Indian currency term loan from banks	20,500	13,000	—	—
	20,500	18,403	5,428	19,809
Less: Amount disclosed under the head "Other financial liabilities"(Refer Note 15)	—	—	5,428	19,809
Total	**20,500**	18,403	—	—

Secured borrowings

Nature of security	Repayment and other terms
Foreign currency term loans	
DBS Bank Ltd: Rs. Nil Lakhs (March 31, 2017: Rs.14,407 Lakhs) secured by exclusive charge on immovable assets of the Holding Company located at Goa, Kalyani and Khurda. Further, the loan is secured by pari-passu charge on immovable assets of the Holding Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and all present and future movable assets of the Holding Company other than assets of Taloja unit.	Repayable in 9 equal quarterly installments starting from February 27, 2016. The loan carried interest of 9.58% per annum.
Rabobank International: Rs. 5,428 Lakhs (March 31, 2017: Rs. 10,805 Lakhs) secured by pari-passu charge on immovable assets of the Holding Company located at Chopanki, Ludhiana, Dharuhera, Nelamangala, Mangalore, Nanjangud, Palakkad, Mallepally, Aranvoyal and Kuthambakkam and on all movable assets of the Holding Company, other than assets of Taloja.	Repayable in 3 equal annual installments commencing on February 8, 2017 till February 8, 2019. The loan carries interest of 9.78% per annum payable on quarterly basis.
Indian currency term loan	
BNP Paribas: Rs. 13,000 Lakhs (March 31, 2017: Rs. 13,000 Lakhs) secured by first pari-passu charge on all movable fixed assets of the Holding Company, other than assets of Taloja unit.	Repayable after 3 years from the date of drawal i.e. on December 8, 2019 and March 14, 2020. The loan carries interest of 7.75% and 8.05% per annum payable on monthly basis.
Co-operatieve Rabobank U.A.: Rs. 7,500 (March 31, 2017: Rs. Nil Lakhs) secured by a pari-passu charge over all the movable fixed assets of the Holding Company, other than assets of Taloja unit.	Repayable after 3 years from the date of drawal i.e. on December 22, 2020. The loan carries interest of 7.68% to 7.80% per annum payable on monthly basis.

Notes to Consolidated Ind AS Financial Statements contd.
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
15. OTHER FINANCIAL LIABILITIES				
Financial liabilities at fair value through OCI*				
Cash flow hedge (Foreign currency forward contracts)	—	—	—	375
Financial liabilities at amortised cost				
Current maturities of long-term borrowings (Refer Note 14)	—	—	5,428	19,809
Liability for capital goods	—	—	3,847	3,434
Interest accrued but not due on borrowings	—	—	265	631
Security deposits	—	—	3,485	3,110
Unpaid dividends**	—	—	1,289	709
Salaries and bonus payable	907	773	4,255	2,751
Freight expenses payable	—	—	10,590	9,521
Other expenses payable	—	—	25,720	26,361
Total	**907**	773	**54,879**	66,701

* Financial liability at fair value though OCI reflect the change in fair value of foreign exchange forward contracts designated as cash flow hedge to hedge the foreign exchange risk on borrowings.

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

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
16. PROVISIONS				
Provision for employee benefits				
Gratuity	93	—	1,000	902
Compensated absences	—	—	3,555	3,185
	93	—	**4,555**	4,087
Other provisions				
Provision for litigations	—	—	3,233	2,897
Provision for claims	—	—	279	918
	—	—	3,512	3,815
Total	**93**	—	**8,067**	7,902

	At the beginning of the year	Additions during the year	Utilised during the year	Unused amounts reversed	At the end of the year
Provision for litigations	2,897	336	—	—	3,233
	(2,644)	(253)	—	—	(2,897)
Provision for claims	918	—	7	632	279
	(1,600)	—	—	(682)	(918)

Figures in brackets are of previous year.

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

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

Notes to Consolidated Ind AS Financial Statements contd.

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

	Consolidate Balance sheet		Consolidated Statement of profit and loss and other comprehensive income	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
17. DEFERRED TAX LIABILITY (NET)				
Deferred tax liabilities				
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	6,931	8,077	(1,146)	(1,668)
Fair valuation of cash flow hedges	—	—	—	(75)
	6,931	8,077	**(1,146)**	(1,743)
Deferred tax assets				
Allowance for doubtful debts and advances	2,597	1,431	1,166	(118)
Provision for gratuity and compensated absences	1,626	1,416	210	(142)
Fair valuation of cash flow hedges	9	90	(81)	90
Other provisions	877	445	432	71
	5,109	3,382	1,727	(99)
Net deferred tax liability	**1,822**	4,695		
Deferred tax credit			**(2,873)**	(1,644)
Reconciliation of movement in deferred tax liability (net)				
Balance at the beginning of the year	4,695	6,339		
Tax charge/(credit) during the year				
Recognised in profit and loss	(2,791)	(1,470)		
Recognised in OCI	(82)	(174)		
	(2,873)	(1,644)		
Balance at the end of the year	**1,822**	4,695		

	As at March 31, 2018	As at March 31, 2017
18. FINANCIAL LIABILITIES – CURRENT BORROWINGS		
Secured borrowings		
Foreign currency short-term loan from bank	—	4,841
Indian currency cash credit from banks	4,678	1,349
Indian currency working capital demand loan from bank	600	5,000
	5,278	11,190
Unsecured borrowings		
Indian currency commercial papers [Nil (March 31, 2017: 2,000 of Rs. 5,00,000 each)]	—	10,000
	—	10,000
Total	**5,278**	21,190

Notes to Consolidated Ind AS Financial Statements contd.

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

Secured borrowings

a) Foreign currency short-term loan was part of consortium facility and was secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi finished and finished goods, stores and spares and not relating to plant & machinery (consumables, stores & spares), bills receivable and book debt of the present and the future. This facility was fully hedged and was repayable on July 19, 2017 and carried interest rate of 8.43% per annum, payable on a monthly basis. The loan has been fully repaid during the year.

b) Cash credit facilities from banks are secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts both present and future. These are repayable on demand and carries interest in the range of 8.15% to 8.70% p.a.

c) Indian currency working capital demand loan is part of consortium facility and is secured by first pari-passu charge on all current assets of the Company namely stock of raw materials, semi finished and finished goods, stores and spares and not relating to plant & machinery (consumables, stores & spares), bills receivable and book debt of the present and the future. This facility is repayable within 180 days and carries interest rate of 6.40% per annum to 7.90% per annum.

Unsecured borrowings

a) Commercial papers were repayable after a term of 60 days from issue and carried interest rate of 9.20% p.a. These have been fully repaid during the year.

	March 31, 2018	*March 31, 2017*
19. TRADE PAYABLES		
Total outstanding dues of micro and small enterprises (Refer Note 36 for details)	481	*551*
Total outstanding dues of creditors other than micro and small enterprises (including acceptances)*	51,691	*45,404*
Total	**52,172**	*45,955*

*Includes dues to related parties (Refer Note 38)

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

20. OTHER CURRENT LIABILITIES		
Statutory dues payable	56,065	*45,531*
Advances from customers	1,924	*2,132*
Advances from commission agents	1,315	*889*
Total	**59,304**	*48,552*

21. REVENUE FROM OPERATIONS (GROSS OF EXCISE DUTY)		
Sale of products (including excise duty)*	12,16,342	*10,00,549*
Sale of services**	1,121	*751*
Other operating revenues	25,599	*21,680*
Total	**12,43,062**	*10,22,980*

* Includes sale of beer Rs. 12,07,424 Lakhs (Previous year: Rs. 9,93,895 Lakhs) and sale of malt Rs. 8,918 Lakhs (Previous year: Rs. 6,654 Lakhs).

** Royalty income

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

	March 31, 2018	March 31, 2017
22. OTHER INCOME		
Interest income on fixed deposits, deposits and advances	209	263
Government grant*	55	3,107
Liabilities no longer required written back	381	134
Allowance for doubtful receivables, no longer required written back	382	1,158
Allowance for doubtful advances, no longer required written back	2	—
Other non-operating income	284	509
Total	**1,313**	5,171

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

	March 31, 2018	March 31, 2017
23. COST OF MATERIALS CONSUMED		
Raw materials		
Inventories at the beginning of the year	16,925	13,487
Add: Purchases	98,653	86,997
Less: Inventories at the end of the year	20,178	16,925
Consumption	**95,400**	83,559
Packing materials and bottles		
Inventories at the beginning of the year	9,977	9,083
Add: Purchases	1,54,762	1,36,334
Less: Inventories at the end of the year	10,550	9,977
Consumption	**1,54,189**	1,35,440
Total	**2,49,589**	2,18,999

	March 31, 2018	March 31, 2017
24. PURCHASES OF STOCK-IN-TRADE		
Beer	**11,343**	825

	March 31, 2018	March 31, 2017
25. INCREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the beginning of the year		
Finished goods	17,264	15,798
Stock-in-trade	480	110
Work-in-progress	26,702	24,810
	44,446	40,718
Less: Inventories at the end of the year		
Finished goods	14,591	17,264
Stock-in-trade	6	480
Work-in-progress	32,190	26,702
	46,787	44,446
Increase in inventories	**(2,341)**	(3,728)
Increase in excise duty on inventories	4,555	1,696
Total	**2,214**	(2,032)

Notes to Consolidated Ind AS Financial Statements contd.
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	March 31, 2018	March 31, 2017
26. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus*	35,224	31,078
Gratuity expense [refer note (i) below]	740	681
Contribution to provident and other funds [refer note (ii) below]	1,800	1,626
Staff welfare expenses	2,158	2,243
Total	**39,922**	**35,628**

*Net of reversal of provision no longer required amounting to Rs. 632 Lakhs (Previous year : Rs. 617 Lakhs).

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

	Gratuity		Provident fund	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	8,333	6,945	10,632	9,777
Current service cost	700	617	1,758	1,636
Interest cost	551	523	936	846
Benefits paid	(683)	(289)	(879)	(1,615)
Actuarial (gain)/loss	450	537	20	(12)
Obligations at end of the year	**9,351**	8,333	**12,467**	10,632
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	7,431	5,096	10,756	9,859
Expected return on plan assets	511	459	945	882
Contributions during the year	1,018	2,015	1,752	1,630
Benefits paid	(683)	(289)	(879)	(1,615)
Actuarial gain/(loss)	(19)	150	(4)	—
Plan assets at end of the year	**8,258**	7,431	**12,570**	10,756
Actual return on plan assets	492	609	941	882
c) Benefit asset/(liability)				
Fair value of plan assets	8,258	7,431	12,570	10,756
Less: Present value of the defined benefit obligations	9,351	8,333	12,467	10,632
Benefit asset/(liability)	**(1,093)**	(902)	**103**	124

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

	Gratuity		Provident fund	
	March 31, 2018	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*
d) Cost charged to profit or loss under employee cost				
Current service cost	700	*617*	1,758	*1,636*
Interest cost	551	*523*	936	*846*
Expected return on plan assets	(511)	*(459)*	(945)	*(882)*
Net employee benefit expense*	**740**	*681*	**1,749**	*1,600*

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

	Gratuity		Provident fund	
e) Re-measurement (gain)/loss recognised in other comprehensive income				
Actuarial (gain)/loss on liability	450	*537*	—	—
Actuarial (gain)/loss on assets	19	*(150)*	—	—
Net actuarial (gain)/loss	**469**	*387*	**—**	—
f) Major category of plan assets included in percentage of fair value of plan assets				
Government securities	—	—	6,303	*5,264*
Corporate bonds	—	—	6,267	*5,492*
Fund balance with insurance companies	8,258	*7,431*	—	—
Total	**8,258**	*7,431*	**12,570**	*10,756*

	Gratuity		Provident fund	
	March 31, 2018	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*
g) The principal assumptions used in determining gratuity and provident fund obligations for the Company plans are as shown below:				
Discount rate	7.40%	*6.90%*	7.40%	*6.90%*
Estimated rate of return on plan assets	8.25%	*8.25%*	8.60%	*8.75%*
Salary increase rate	10.00%-10.50%	*10.00%-10.50%*	10.00%-10.50%	*10.00%-10.50%*
Employee turnover	5.00%-15.00%	*5.00%-15.00%*	5.00%-15.00%	*5.00%-15.00%*

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

Notes to Consolidated Ind AS Financial Statements contd.

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

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

	March 31, 2018		March 31, 2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation (gratuity)				
Discount rate	(571)	646	(539)	611
Salary increase rate	636	(575)	586	(528)
Employee turnover	(97)	107	(106)	117

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

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

	Gratuity		Provident fund	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Within next 12 months	1,000	902	2,049	1,741
Between 1 to 5 years	4,935	4,166	4,890	3,804
Between 5 to 10 years	6,510	6,039	3,085	2,867
Total	**12,445**	11,107	**10,024**	8,412

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

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

	March 31, 2018	March 31, 2017
Provident fund	1,224	1,147
Superannuation fund and national pension scheme	508	441
Employees state insurance fund	68	38
Total	**1,800**	1,626

	March 31, 2018	March 31, 2017
27. FINANCE COSTS		
Interest expense	4,707	5,807
Other borrowing costs	58	58
Total	**4,765**	5,865
28. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	25,539	27,884
Amortisation of intangible assets	426	821
Total	**25,965**	28,705

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

29. OTHER EXPENSES

		March 31, 2018		March 31, 2017
Consumption of stores and spares		10,763		8,896
Power and fuel		15,302		14,076
Rent		3,980		3,671
Repairs and maintenance				
Plant and machinery		3,968		3,229
Buildings		347		274
Others		1,000		868
Insurance		1,065		882
Rates and taxes		9,944		11,470
Auditor remuneration				
Statutory audit fee	143		133	
Limited review fee	27		25	
Tax audit fee	19		17	
Others	22	211	22	197
Sales promotion expenses [net of reversal of Rs. 851 Lakhs (Previous year: Rs. 394 Lakhs)]		31,086		35,932
Outward freight, halting and breakage expenses		33,860		31,085
Selling and distribution expense [net of reversal of Rs. 981 Lakhs (Previous year: Rs. 1,126 Lakhs)]		34,744		25,621
CSR expenditure (refer details below)		886		774
Bad debts/advances written off		1		4
Allowance for doubtful receivables		3,349		765
Allowance for doubtful advances		333		21
Net loss on sale of property, plant and equipment		60		7
Exchange differences (net)		100		(26)
Miscellaneous expenses		17,636		17,541
Total		**1,68,635**		1,55,287
Details of CSR expenditure				
Gross amount required to be spent by the group during the year		782		774
Amount spent during the year (other than on construction/ acquisition of any asset)		886		727
Amount yet to be spent/paid		—		47
Total		**886**		774

Notes to Consolidated Ind AS Financial Statements contd.

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

	March 31, 2018	March 31, 2017
30. TAX EXPENSES		
Income tax related to items charged or credited to statement of profit and loss during the year:		
Profit and loss section		
Current tax	24,110	13,291
Deferred tax credit	(2,791)	(1,470)
Total	**21,319**	11,821
Other comprehensive income		
Deferred tax charge/(credit) on		
Re-measurement of defined benefit plan	164	134
Net movement in cash flow hedges	(82)	174
Total	**82**	308
Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:		
Accounting profit before income tax	**60,782**	34,813
Tax as per statutory income tax rate of 34.61% (Previous year: 34.61%)	21,037	12,049
Allowances/exemptions under Income tax	(229)	(986)
Non-deductible expenses for tax purposes		
CSR expenditure	307	268
Net loss on sale of fixed assets	204	490
Other non-deductible expenses		
Income tax expense reported in statement of profit and loss account	**21,319**	11,821
Effective tax rate	**35%**	34%
31. NET MOVEMENT IN CASH FLOW HEDGES		
Fair value loss on cross currency interest rate swaps and forward contracts	261	(509)
Less: Reclassified to statement of profit or loss	25	(5)
	236	(504)
Deferred tax effect on above	(82)	174
Net movement in cash flow hedges	**154**	(330)
32. EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computation:		
Net profit attributable to equity shareholders	39,463	22,992
Weighted average number of equity shares considered for calculating basic/ diluted EPS	26,44,05,149	26,44,05,149
Earnings per share (Basic/Diluted)	**14.93**	8.70

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

33. OPERATING LEASE

The Group has entered into operating lease arrangements for vehicles, computers, equipments, manufacturing facility, office premises and employee residential premises. These leases are for a period of 11 to 60 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 6 to 60 months. There are certain sub-lease restrictions placed upon the Group by entering into these leases. The total lease rentals expense for the year is Rs. 3,980 Lakhs (Previous year: Rs. 3,671 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2018	*March 31, 2017*
Within one year	343	*660*
After one year but not more than five years	212	*20*
More than five years	—	*—*
Total	**555**	*680*

34. CAPITAL AND OTHER COMMITMENTS

	March 31, 2018	*March 31, 2017*
a) Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	3,343	*3,272*
b) Other contractual commitments	1,194	*828*
Total	**4,537**	*4,100*

For commitments relating to lease arrangements, refer Note 33.

35. CONTINGENT LIABILITIES

	March 31, 2018	*March 31, 2017*
a) Claims against the Company not acknowledged as debts*		
Income tax	32,600	*29,586*
Service tax	22,947	*22,947*
Sales tax	16,529	*13,630*
Excise duty	542	*652*
Water charges	3,157	*3,055*
Employee state insurance/provident fund	84	*80*
Others	4,890	*4,892*
b) Other money for which the Group is contingently liable		
Bank guarantees	5,373	*2,301*
Letter of credit	821	*948*
Total	**86,943**	*78,091*

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

In addition, the Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have material effect on the Group's results of operations or financial condition.

Notes to Consolidated Ind AS Financial Statements contd.

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

	March 31, 2018	March 31, 2017
36. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	481	*551*
- Interest due on above	5	*17*
Total	**486**	*568*
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	—
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	—	—
The amount of interest accrued and remaining unpaid at the end of each accounting year	49	*68*
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	268	*219*

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

37. SEGMENT REPORTING

The Group is engaged in the manufacture and sale of beer including licensing of brands which constitutes a single operating segment, hence, there are no additional disclosures required, other than those already included in these consolidated Ind AS financial statements. Information about geographical areas is as below:

	March 31, 2018	March 31, 2017
Revenue from external customers (gross of excise duty)		
India	12,20,735	*10,22,502*
Outside India	22,327	*478*
Total	**12,43,062**	*10,22,980*
The above information is based on the location of customers.		
Non-current operating assets		
India	1,77,787	*1,86,333*
Outside India	—	—
Total	**1,77,787**	*1,86,333*

Non-current assets for this purpose consists of property, plant and equipment, capital work-in-progress and intangible assets.

Revenue from customers individually contributing more than 10% of the Company's revenue aggregates to Rs. 2,59,068 Lakhs (Previous year: Rs. 2,25,556 Lakhs).

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

38. RELATED PARTY DISCLOSURES

A. Name of related parties and related party relationships

Related parties under Ind AS 24 with whom transactions have taken place during the year:

Associate	: Kingfisher East Bengal Football Team Private Limited ('KEBFTPL')
Enterprises having significant influence	: Scottish & Newcastle India Limited, UK ('SNIL') United Breweries (Holdings) Limited ('UBHL')
Key management personnel (KMP)	: Mr. Shekhar Ramamurthy, Managing Director Mr. Steven Bosch, Director, CFO (effective October 1, 2016) Mr. Henricus Petrus van Zon, Director, CFO (till September 30, 2016)
Enterprises over which investing parties or KMP have significant influence	: Heineken UK Limited ('HUL'), holding company of SNIL Heineken International B.V. ('HIBV') Heineken Brouwerijen B.V. ('HBBV') Heineken Supply Chain B.V. ('HSCBV') Heineken Asia Pacific Pte. Ltd. ('HAPPL') Heineken Ceska Republika ('HCR') Force India F1 Team Limited, UK ('Force India')

Additional related parties as per the Companies Act, 2013 with whom transactions have taken place during the year:

Directors	: Dr. Vijay Mallya* Mr. A K Ravi Nedungadi Mr. Sijbe Hiemstra Mr. Frans Erik Eusman Mr. Stephan Gerlich Mrs. Kiran Majumdar Shaw Mr. Madhav Bhatkuly Mr. Chugh Yoginder Pal Mr. Chhaganlal Jain Mr. Sunil Alagh Mr. Christiaan August J Van Steenbergen (effective November 8, 2017)

* The Securities and Exchange Board of India vide its order dated January 25, 2017 restrained Dr. Vijay Mallya from holding position as Director or Key Managerial Person of any listed company. Pursuant to the decision of the Board at its meeting held on July 4, 2017, the Holding Company had communicated on July 6, 2017 to Dr. Mallya and his associate companies (promoters of the Holding Company) to nominate a director on the Board in his place in terms of the Articles of Association of the Holding Company. Further, pursuant to the decision of the Board at its meeting held on August 10, 2017, the Holding Company carried out necessary filings with the Registrar of Companies, Karnataka (ROC) and Stock Exchanges notifying Dr. Mallya's cessation from holding the position of director in the Holding Company. The applicable form relating to cessation of directorship has since been approved by the ROC.

Director of subsidiary	: Ms. Kanta Labroo
Key management personnel (KMP):	: Mr. Govind Iyengar, Company Secretary
Relative of director or KMP	: Mr. Umesh Hingorani
Body corporate/Private companies whose Board of directors is accustomed to act in accordance with advise, directions or instructions of a director (included in 'Others' below)	: United Breweries International (UK) Limited, UK ('UBIUK') Mandwa Farms Private Limited ('MFPL') H. Parson Private Limited ('HPPL') Blitz Publications Private Limited ('BPPL')

Notes to Consolidated Ind AS Financial Statements contd.

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

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

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2018	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*
a) Transactions during the year										
Sale of products										
UBHL	–	–	–	*582*	–	–	–	–	–	–
HPPL	–	–	–	–	–	–	–	–	11,719	*12,500*
	–	–	**–**	*582*	**–**	–	**–**	–	**11,719**	*12,500*
Royalty income										
UBIUK	–	–	–	–	–	–	–	–	21	*21*
HPPL	–	–	–	–	–	–	–	–	2	*5*
	–	–	**–**	–	**–**	–	**–**	–	**23**	*26*
Purchase of materials										
HSCBV	–	–	–	–	–	–	8	*4*	–	–
HAPPL	–	–	–	–	–	–	80	–	–	–
	–	–	**–**	–	**–**	–	**88**	*4*	**–**	–
Sales promotion expenses										
KEBFTPL	429	*1,075*	–	–	–	–	–	–	–	–
Force India	–	–	–	–	–	–	2,334	*2,444*	–	–
HPPL	–	–	–	–	–	–	–	–	252	*162*
	429	*1,075*	**–**	–	**–**	–	**2,334**	*2,444*	**252**	*162*
Rent expense										
UBHL	–	–	84	*81*	–	–	–	–	–	–
MFPL	–	–	–	–	–	–	–	–	–	*159*
BPPL	–	–	–	–	–	–	–	–	11	*42*
	–	–	**84**	*81*	**–**	–	**–**	–	**11**	*201*
Technical service fees										
HIBV	–	–	–	–	–	–	600	*600*	–	–
	–	–	**–**	–	**–**	–	**600**	*600*	**–**	–
Royalty paid										
UBHL	–	–	–	*518*	–	–	–	–	–	–
HBBV	–	–	–	–	–	–	503	*317*	–	–
	–	–	**–**	*518*	**–**	–	**503**	*317*	**–**	–
Consultancy fees paid										
HSCBV	–	–	–	–	–	–	72	*54*	–	–
HIBV	–	–	–	–	–	–	12	*14*	–	–
HBBV	–	–	–	–	–	–	2	–	–	–
	–	–	**–**	–	**–**	–	**86**	*68*	**–**	–

Notes to Consolidated Ind AS Financial Statements contd.

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

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2018	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*
Reimbursements received										
UBHL	–	–	–	*3*	–	–	–	–	–	–
	–	–	**–**	*3*	**–**	–	**–**	–	**–**	–
Reimbursements paid										
UBHL	–	–	–	*17*	–	–	–	–	–	–
HIBV	–	–	–	–	–	–	327	*353*	–	–
HBBV	–	–	–	–	–	–	–	*12*	–	–
HCR	–	–	–	–	–	–	5	*41*	–	–
HPPL	–	–	–	–	–	–	–	–	80	*87*
	–	–	**–**	*17*	**–**	–	**332**	*406*	**80**	*87*
Rent received										
KEBFTPL	1	*1*	–	–	–	–	–	–	–	–
	1	*1*	**–**	–	**–**	–	**–**	–	**–**	–
Remuneration paid [Refer (a) below]										
Mr. Shekhar Ramamurthy	–	–	–	–	841	*822*	–	–	–	–
Mr. Henricus Petrus van Zon	–	–	–	–	–	*327*	–	–	–	–
Mr. Steven Bosch	–	–	–	–	340	*253*	–	–	–	–
Mr. Govind Iyenger	–	–	–	–	161	*161*	–	–	–	–
Mr. Umesh Hingorani	–	–	–	–	94	*111*	–	–	–	–
Ms. Kanta Labroo	–	–	–	–	21	*12*	–	–	–	–
	–	–	**–**	–	**1,457**	*1,686*	**–**	–	**–**	–
Sitting fee paid										
Dr. Vijay Mallya [Refer (b) below]	–	–	–	–	–	*6*	–	–	–	–
Mr. A K Ravi Nedungadi	–	–	–	–	13	*11*	–	–	–	–
Mr. Sijbe Hiemstra	–	–	–	–	3	*5*	–	–	–	–
Mr. Frans Erik Eusman	–	–	–	–	8	*8*	–	–	–	–
Mr. Stephan Gerlich	–	–	–	–	6	*5*	–	–	–	–
Mrs. Kiran Majumdar Shaw	–	–	–	–	7	*5*	–	–	–	–
Mr. Madhav Bhatkuly	–	–	–	–	6	*8*	–	–	–	–
Mr. Chugh Yoginder Pal	–	–	–	–	14	*18*	–	–	–	–
Mr. Chhaganlal Jain	–	–	–	–	20	*19*	–	–	–	–
Mr. Sunil Alagh	–	–	–	–	16	*18*	–	–	–	–
Mr. Christiaan August J Van Steenbergen	–	–	–	–	1	–	–	–	–	–
	–	–	**–**	–	**94**	*103*	**–**	–	**–**	–

Notes to Consolidated Ind AS Financial Statements contd.

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

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2018	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*
Director Commission paid										
Dr. Vijay Mallya [Refer (b) below]	–	–	–	–	–	64	–	–	–	–
Mr. A K Ravi Nedungadi	–	–	–	–	75	28	–	–	–	–
Mr. Stephan Gerlich	–	–	–	–	75	28	–	–	–	–
Mrs. Kiran Majumdar Shaw	–	–	–	–	75	28	–	–	–	–
Mr. Madhav Bhatkuly	–	–	–	–	75	28	–	–	–	–
Mr. Chugh Yoginder Pal	–	–	–	–	75	28	–	–	–	–
Mr. Chhaganlal Jain	–	–	–	–	75	28	–	–	–	–
Mr. Sunil Alagh	–	–	–	–	75	28	–	–	–	–
	–	–	–	–	**525**	260	–	–	–	–
Dividend accrued/paid on equity shares										
SNIL	–	–	1,035	1,035	–	–	–	–	–	–
UBHL [Refer (b) below]	–	–	326	326	–	–	–	–	–	–
Dr. Vijay Mallya (including joint holdings) [Refer (b) below]	–	–	–	–	245	245	–	–	–	–
HUL	–	–	–	–	–	–	98	98	–	–
HIBV	–	–	–	–	–	–	197	176	–	–
	–	–	**1,361**	1,361	**245**	245	**295**	274	**–**	–

b) Balances outstanding as at year end

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2018	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*
Investment in equity shares										
KEBFTPL	1	1	–	–	–	–	–	–	–	–
	1	1	**–**	–	**–**	–	**–**	–	**–**	–
Trade receivables (gross)										
HPPL	–	–	–	–	–	–	–	–	177	769
UBIUK	–	–	–	–	–	–	–	–	33	50
	–	–	**–**	–	**–**	–	**–**	–	**210**	819
Security deposits										
UBHL	–	–	65	65	–	–	–	–	–	–
	–	–	**65**	65	**–**	–	**–**	–	**–**	–
Security deposits (liability)										
HPPL	–	–	–	–	–	–	–	–	10	10
	–	–	**–**	–	**–**	–	**–**	–	**10**	10

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

	Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 2018	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*	**March 31, 2018**	*March 31, 2017*
Trade payables										
KEBFTPL	29	*179*	–	–	–	–	–	–	–	–
UBHL	–	–	306	*319*	–	–	–	–	–	–
HIBV	–	–	–	–	–	–	521	*480*	–	–
HBBV	–	–	–	–	–	–	114	*72*	–	–
HSCBV	–	–	–	–	–	–	36	*14*	–	–
BPPL	–	–	–	–	–	–	–	–	–	*3*
	29	*179*	**306**	*319*	–	–	**671**	*566*	–	*3*

(a) The remuneration to key managerial personnel and relatives does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the Group as a whole.

(b) The Holding Company received an order dated September 30, 2015 from the Debt Recovery Tribunal, Karnataka, Bangalore (DRT) whereby the Holding Company has been directed not to pay/release amounts that may be payable with respect to shares in the Holding Company held by an erstwhile director (including his joint holdings) and United Breweries (Holdings) Limited, without its prior permission. Accordingly, the Holding Company has withheld payment of Rs. 1,127 Lakhs relating to dividend on aforesaid shares and the Holding Company would also withhold payment of proposed dividend for the year ended March 31, 2018 on aforesaid shares, which is subject to approval by the shareholders in the ensuing annual general meeting.

The Holding Company received an order dated March 11, 2016 from the Deputy Commissioner of Income Tax (International Taxation), Bangalore, requesting the Holding Company to create a charge in favour of the Central Government on any amount due or likely to be due to a director of the Holding Company, to the extent of Rs. 67,980 Lakhs relating to tax demands on Kingfisher Airlines Limited. The Holding Company also received an order dated June 28, 2016 from the Commissioner of Income Tax (TDS), prohibiting the Holding Company from making any payment in the nature of salary, remuneration, allowances, etc. to an erstwhile director of the Holding Company. Further, the Holding Company received an order dated September 19, 2017 from the Assistant Provident Fund Commissioner & Recovery Officer, whereby the Holding Company has been directed to remit to the authorities amount to the extent of Rs. 874 Lakhs from any amount payable or that may accrue in future to an erstwhile director. The Holding Company has accordingly withheld payment of Rs. 45 Lakhs (net of TDS) relating to director commission and sitting fees payable to the aforesaid erstwhile director.

Notes to Consolidated Ind AS Financial Statements contd.

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

39. SUMMARY OF NET ASSETS, SHARE IN CONSOLIDATED PROFIT AND SHARE IN OTHER COMPREHENSIVE INCOME

	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net profit	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
March 31, 2018								
United Breweries Limited, Parent	99.66%	2,68,404	102.06%	40,274	100.00%	(151)	102.06%	40,123
Maltex Malsters Limited, Indian subsidiary	0.23%	622	-2.16%	(854)	—	—	-2.17%	(854)
Non-controlling interest in subsidiary	0.11%	294	0.11%	43	—	—	0.11%	43
Total	**100.00%**	**2,69,320**	**100.00%**	**39,463**	**100.00%**	**(151)**	**100.00%**	**39,312**
March 31, 2017								
United Breweries Limited, Parent	99.66%	2,32,912	106.77%	24,548	100.00%	(583)	106.94%	23,965
Maltex Malsters Limited, Indian subsidiary	0.22%	509	-6.92%	(1,591)	—	—	-7.10%	(1,591)
Non-controlling interest in subsidiary	0.12%	278	0.15%	35	—	—	0.16%	35
Total	**100.00%**	**2,33,699**	**100.00%**	**22,992**	**100.00%**	**(583)**	**100.00%**	**22,409**

40. FINANCIAL INSTRUMENTS FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the consolidated Ind AS financial statements are categorised within the fair value hierarchy, as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value measurement hierarchy of the Group's assets and liabilities is as below:

	Carrying amount	Fair values		
		Level 1	Level 2	Level 3
As at March 31, 2018				
Financial assets measured at fair value				
Cross currency interest rate swap	968	968	—	—
As at March 31, 2017				
Financial assets measured at fair value				
Cross currency interest rate swap	5,344	5,344	—	—
Financial liabilities measured at fair value				
Cash flow hedge (Foreign currency forward contracts)	375	375	—	—

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

There has been no transfers between levels during the year.

The fair values of Cross currency interest rate swap and Foreign currency forward contracts are derived from quoted market prices in active markets.

The goodwill relates to that arisen on consolidation of subsidiary and the same is net of impairment loss of Rs. 1,959 Lakhs (Previous year: Rs. 1,959 Lakhs). The fair values for the purpose of quantification of impairment loss have been estimated by an independent expert. The impairment loss has arisen due to continued delay in obtaining necessary approvals to expand malting facility at the subsidiary, leading to losses due to high overhead costs incurred on operating at its current level of capacity. In view of management, no further provision for impairment is considered necessary as at March 31, 2018.

The management assessed that the carrying values of investments, trade and other receivables, cash and short term deposits, other assets, borrowings, trade and other payables and balances with related parties, based on their notional amounts, reasonably approximate their fair values because these instruments have short-term maturities and are re-priced frequently.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, trade and other receivables, cash and cash equivalents, bank balances, security deposits and derivatives that are out of regular business operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group.

The risk management committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, derivatives financial instruments and trade payables.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's borrowings with floating interest rates. The Group has hedged its long term borrowings with interest rate swaps, therefore the changes in the interest rate will not have impact on future cash flows.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's consolidated profit before tax is affected through the impact on floating rate borrowings, as follows:

	March 31, 2018		*March 31, 2017*	
	1% increase	1% decrease	*1% increase*	*1% decrease*
Impact on consolidated profit before tax	(258)	258	*(193)*	*193*

Notes to Consolidated Ins AS Financial Statements contd.

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

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency borrowings and trade payables. The Group has hedged exposure to fluctuations in foreign exchange rates for all of its foreign currency borrowings with cross currency swaps and forward contracts, therefore the changes in the currency rates will not have impact on future cash flows.

The summary of derivative instruments and unhedged foreign currency exposure is as below:

Derivatives outstanding as at the reporting date:

Type	Purpose	March 31, 2018		*March 31, 2017*	
		USD (in millions)	Rs. in Lakhs	*USD (in millions)*	*Rs. in Lakhs*
Cross currency swaps*	Hedge of foreign currency loans- Principal and interest	8.33	5,428	*39.00*	*25,212*
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	8.33	5,428	*39.00*	*25,212*
Forward contracts	Hedge of foreign currency loans- Principal and interest	—	—	*7.47*	*4,841*

*Amount disclosed represents the underlying principal amount of loan.

Un-hedged foreign currency exposure as at the reporting date:

	As at March 31, 2018	*As at March 31, 2017*
Trade receivables	1,878	—
Capital advances	47	*458*
Advances to suppliers	6,112	*3,637*
Trade payables	1,892	*1,326*
Liability for capital goods	400	*96*

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant and after the impact of hedge accounting.

	March 31, 2018		*March 31, 2017*	
	1% increase	1% decrease	*1% increase*	*1% decrease*
Impact on consolidated profit before tax	57	(57)	*27*	*(27)*

iii. Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of Beer and therefore require a continuous supply of Barley. The Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

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

The following table shows the effect of price changes in Barley:

	March 31, 2018		March 31, 2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on consolidated profit before tax	(239)	239	(260)	260

b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Group's exposure to credit risk arises majorly from trade and other receivables. Other financial assets like security deposits and bank deposits are mostly with government authorities and nationalised banks and hence, the Group does not expect any credit risk with respect to these financial assets. With respect to trade receivables, significant portion includes dues from state government corporations, hence probability of default is remote. The Group has constituted regional and corporate credit committees to review trade receivables on periodic basis and to take necessary mitigations, wherever required.

The Group creates allowance for all unsecured trade receivables based on lifetime expected credit loss. The summary of changes in allowance for doubtful receivables is as below:

	March 31, 2018	March 31, 2017
Balance at the beginning of the year	3,939	4,332
Allowance recognised/(reversed) during the year, net	2,967	(393)
Balance at the end of the year	**6,906**	3,939

c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The table below summarises the maturity profile of the Group's financial liabilities:

	Maturities			Total
	Upto 1 year	1-2 years	2-3 years	
March 31, 2018				
Non-current borrowings	—	13,000	7,500	20,500
Current borrowings	5,278	—	—	5,278
Trade payables	52,172	—	—	52,172
Other financial liabilities	54,879	606	301	55,786
Total	**1,12,329**	**13,606**	**7,801**	**1,33,736**
March 31, 2017				
Non-current borrowings	—	5,403	13,000	18,403
Current borrowings	21,190	—	—	21,190
Trade payables	45,955	—	—	45,955
Other financial liabilities	66,701	773	—	67,474
Total	**1,33,846**	**6,176**	**13,000**	**1,53,022**

Notes to Consolidated Ins AS Financial Statements contd.

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

42. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and capital ratios in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, all non-current and current borrowings reduced by cash and cash equivalents and other bank balances.

	Notes	As at March 31, 2018	As at March 31, 2017
Non-current borrowings	14	20,500	18,403
Current maturities of non-current borrowings	15	5,428	19,809
Current borrowings	18	5,278	21,190
Less: Cash and cash equivalents	10	1,535	1,262
Less: Other bank balances	11	889	1,167
Net debt		**28,782**	56,973
Equity share capital	12	2,644	2,644
Other equity	13	2,66,382	2,30,777
Total capital		**2,69,026**	2,33,421
Gearing ratio		**11%**	24%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

43. The Bihar State Government ("the Government") vide its notification dated April 5, 2016 imposed ban on trade and consumption of foreign liquor in the State of Bihar with immediate effect. The Holding Company filed a writ petition with the Honourable High Court at Patna ("the High Court"), requesting remedies and compensation for losses incurred on account of such abrupt notification. The High Court vide its order dated September 30, 2016 ("the Order") allowed the aforesaid writ petition, however, the Government preferred a special leave petition against the Order before the Honourable Supreme Court of India ("the Supreme Court"). As an interim measure, the Supreme Court directed stay of operation of the Order.

Further, pursuant to notification dated January 24, 2017, the Government did not renew existing brewery licenses for the financial year 2017-18 and consequently the Holding Company was required to destroy or drain all its inventories of finished goods lying at Bihar, including those at warehouses of Bihar State Beverages Corporation Limited ('BSBCL'), for which the Supreme Court had extended time till July 31, 2017. Accordingly, effective April 1, 2017, the Holding Company discontinued production of beer at Bihar and had given its consent to BSBCL to destroy / drain all its inventories lying with them, without prejudice to remedies and compensation available from its representation pending before the Supreme Court. The Holding Company has obtained permission from authorities for manufacture of non-alcoholic beverages at its existing manufacturing facility at Bihar and has initiated necessary steps towards commencement of operations for the new product line.

As at March 31, 2018, the Holding Company has property, plant and equipment (net) of Rs. 21,232 Lakhs (March 31, 2017: Rs.23,530 Lakhs) at its unit in Bihar. Management believes that the carrying amount of these

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

property, plant and equipment do not exceed their recoverable amount and is confident of utilization of these assets either for the new product line relating to non-alcoholic beverages in Bihar or for manufacturing units in other states. Accordingly, no provision has been considered necessary by the management in this regard.

44. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ind AS 115 - Revenue from Contract with Customers

Ind AS 115 was issued on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede virtually all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after April 1, 2018.

The Company plans to adopt the new standard on the required effective date and is currently assessing the adoption method and the potential impact, the adoption of this standard will have on its consolidated financial statements and disclosures.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the impact of this amendment on its consolidated financial statements.

45. PREVIOUS YEAR FIGURES

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

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

per Mahendra Jain
Partner
Membership Number: 205839

Place: Bengaluru
Date: May 24, 2018

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

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director, CFO
DIN: 07573930

Govind Iyengar
Company Secretary

Place: Amsterdam
Date: May 24, 2018

Annexures

ANNEXURE - A: BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

Section A: General Information about the Company

1. **Corporate Identity Number (CIN)** : L36999KA1999PLC025195
2. **Name of the Company** : United Breweries Limited
3. **Registered Address** : "UB Tower", UB City, #24, Vittal Mallya Road, Bengaluru - 560 001.
4. **Website** : www.unitedbreweries.com
5. **Email id** : ublinvestor@ubmail.com
6. **Financial Year reported** : April 1, 2017 – March 31, 2018 (or "FY18")
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

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

   - National Industrial Classification : Class – 11031
   - Indian Trade Classification : Code – 22030000
8. **Three key products/services that the Company manufactures/provides (as in balance sheet):**

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

   i. **Number of International Locations** : The Company has licensed its Brands for manufacture and supply of beer at 4 International locations viz., United Kingdom, Australia, New Zealand and Nepal.

   ii. **Number of National Locations** : The Company operates through 20 owned breweries* and 10 contract breweries. Business activities are also carried out from Registered cum Corporate Office at Bengaluru and from Regional Sales Offices located at various places in India.

   * Excluding brewery at Naubatpur, Patna, which is inoperative due to prohibition.
10. **Markets served by the Company – Local / State / National / International:**

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

Section B: Financial Details of the Company

1. **Paid-up capital (INR)** : 264.41 million
2. **Total turnover (INR)** : 124,266 million
3. **Total profit after taxes (INR)** : 3,940 million
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

   UBL spent Rs. 88.60 Million on CSR activities during the FY18, which constitutes 2.25% of its profit after tax (PAT).
5. **List of activities in which expenditure in 4 above has been incurred:**

   The major areas in which the above expenditure has been incurred *inter-alia* includes Primary Health, Primary Education, Water Conservation and providing Safe Drinking Water, Don't Drink and Drive workshop for truck drivers. A new domain on Responsible Consumption of Alcohol has been added to the CSR Programme.

Section C: Other Details

1. **Does the Company have any Subsidiary Company / Companies?**
   The Company has one (1) Subsidiary company, viz. Maltex Malsters Limited.

2. **Do the Subsidiary Company/Companies participate in the Business Responsibility Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).**
   UBL encourages its Subsidiary Company viz., Maltex Malsters Limited, to adopt its policies and practices and actively participates in the initiatives of the Company.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the Business Responsibility initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**
   The suppliers, distributors or any other entity/entities do not participate in the Business Responsibility initiatives of the Company. The transporters have been engaged through don't drink and drive workshop for truck drivers in the breweries.

Section D: Business Responsibility Information

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

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

Name	DIN Number	Designation
Mr. Shekhar Ramamurthy	00504801	Managing Director
Mr. Steven Bosch	07573930	Director & CFO

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

Sl. No.	Particulars	Details
1.	DIN Number	00504801
2.	Name	Mr. Shekhar Ramamurthy
3.	Designation	Managing Director
4.	Telephone Number	080-3985 5002
5.	E-mail ID	shr@ubmail.com

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

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

(a) Details of Compliance (Reply in Y/N)

Sl. No.	Questions	Business Ethics P1	Product Sustainability P2	Employees' Wellbeing P3	Stakeholders' Interest P4	Human Rights P5	Environment Protection P6	Policy Advocacy P7	Inclusive Growth P8	Customer Relations P9
1.	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has framed various policies which inter-alia cover all the aspects of NVGs in one section or another.								
2.	Has the policy been formulated in consultation with the relevant Stakeholders?	The Policies have been formulated keeping in view the interest of all Stakeholders though Stakeholders have not been directly consulted.								
3.	Does the policy conform to any national/ international standards? If yes, specify?	Yes. Policies confirm to all the applicable laws and National and International Standards in letter and spirit. Certain breweries of the Company are in conformance of international standards and have been accredited with various certifications like ISO 9001:2008 (Quality Management System); ISO 14001:2004 (Environmental Management System); ISO 22000:2005 (Food Safety Management System); OHSAS 18001:2007 (Occupational Health Safety Assessment System). The brands of the Company have been bestowed with various quality awards.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board of Directors?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Yes. All the policies are approved by the Board. The MD/CEO and/or the Company Secretary authenticates the policies approved by the Board.								
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the Implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Board has framed various committees whose role includes formulation and implementation of policies within their terms of reference. Certain Internal Committees are also in place to look after the respective responsibility area.								
6.	Indicate the link for the policy to be viewed online?	Policies covering certain Stakeholders can be viewed on Company's website www.unitedbreweries.com/investors. Other internal policies are restricted to be viewed by employees only on Company's Intranet portal https://sampark.ublnet.in/Pages/HRPolicies.								
7.	Has the policy been formally communicated to all relevant internal and external Stakeholders?	Policies have been communicated to key internal Stakeholders of the Company. It is an on-going process whereby the Stakeholders are informed about the Company's policies.								
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the Policy / policies?	Yes. The Stakeholders Relationship Committee of the Board of Directors addresses Stakeholders Grievances. The Company has also formed Internal Committees viz., Whistle Blower Management Committee (WBMC), Internal Complaints Committee etc. to address Stakeholders grievances within their terms of reference.								
10.	Has the Company carried out Independent audit/evaluation of the working of this policy by an internal or external agency?	Yes. Policies are reviewed from time to time by the Management team, Internal and External Auditors. Whistle Blowing portal is managed by an external agency.								

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

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

3. **Governance related to Business Responsibility:**

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

The Board of Directors of UBL assess various initiatives forming part of the Business Responsibility performance of the Company annually. The CSR head, MD/CEO and CFO meet regularly to oversee implementation of CSR projects/programmes/activities to be undertaken by the Company. The CSR Committee of the Board of Directors of the Company meets annually to oversee the implemented Projects of CSR.

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

UBL publishes its Business Responsibility/CSR activities/performance in its quarterly in-house magazine/periodicals viz., 'Beer Update' and also publishes the same on the internal portal of the Company viz., https://sampark.ublnet.in/. CSR activities undertaken by UBL are also published in the official website of the Company viz., www.unitedbreweries.com. Details of the CSR initiatives undertaken by UBL in FY18 are provided in **Annexure-B** to the Director's Report forming part of this Annual Report. Internal periodicals are available on the Intranet portal. UBL in the process of rolling out its first Sustainability Report in the current financial year which will be posted on the website of the Company.

Section E: Principle-wise performance

Principle 1:

Business should conduct and govern themselves with Ethics, Transparency and Accountability.

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

Yes. The Company has a Code of Business conduct and Ethics (the Code) approved by the Board of Directors. The policy is applicable to all Board Members and employees of the Company and affirmation on compliance of the Code/Policy is taken from them. The Code also provides for obligations of the employees with respect to non-disclosure of confidential information, accounting and payment practices, accurate financial disclosures, etc. The Code is available on the Company's website. The Code would extend to other Stakeholders shortly and in our engagement checkpoints with our supplier consider adherence to ethical practices. Adequate measures have been taken to educate employees and suppliers on the Company's expectations on ethical conduct. Further, policy for avoidance of interest and prohibition of insider trading have been articulated and adopted to ensure transparency through timely and adequate disclosures.

The Company has also adopted a Gifts & Entertainment Policy which provides guidelines for dealing with gifts or entertainment. All employees and Directors of the Company are covered under the Policy and it also extends to other stakeholders viz., vendors, contractors, suppliers, etc.

The Company also has a Whistle Blower Policy to promote responsible and secure whistleblowing at workplace. It aims to protect employees who raise any concern about any misconduct or potential violations of the Code of Conduct within the Company.

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

   In the FY18, sixteen (16) Investors' complaints and 1851 consumer complaints were received which have been resolved satisfactorily. Details of consumer complaints are given in reply to Principle 9 of this report.

Principle 2:

Businesses should provide goods and services that are safe and contribute sustainability throughout their life cycle.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   Not Applicable.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   i. **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain.**

      Not Applicable.

   ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

      Not Applicable.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

   Yes. Sustainability is deeply ingrained in ethos of your Company and it has always been the endeavour to develop and deliver good quality products that are inherently safe to consume and have minimal impact on the environment. UBL believes in not just undertaking usage of materials that reduce carbon footprint and are through an sustainable mechanism, but also has long-term engagement with its suppliers that commit to social responsibility and international standards. The Company has procedures and policy in place for selecting vendors who supply in a sustainable manner. The entire source of thermal energy of all breweries is from agri-waste and the primary packaging of its products, both glass bottles and aluminium cans are recyclable. Primary packaging constitutes almost 60% of all input cost and power and fuel constitutes about 6% of cost.

   Your Company has strategically designed its distribution network in order to serve its customers in the least possible time and minimize transportation cost. Your Company sources majority of its transport requirements from local vendors at all locations. These initiatives on one hand benefits in terms of time and cost of transportation and on the other hand contributes towards environment protection through reduction in fuel consumption and resultant carbon emission. Supplier and transporter meets are held on a periodical basis where UBL's management engages and encourages them to undertake sustainable practices across supply chain.

4. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

   Towards its endeavour of inclusive growth, the Company procures goods and services like miscellaneous engineering spares, lubricants, packaging materials, transportation, housekeeping, contract labours and the like from communities located in the vicinity of the breweries of the Company. Suppliers are key partners in developing responsibly sourced supply chains of Raw Materials. Various steps have been taken for creating awareness and to ensure timely and regular supply of quality materials and services.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes. Measures for waste minimization are undertaken by UBL at all its breweries. The Company follows 3R's principle i.e. 'Reduce', 'Recycle' and 'Recover' to be environmentally sustainable. UBL is committed to adopt best-in-class practices to reduce wastages during conversion of raw materials to finished goods. Waste generated during the operations is disposed/recycled in compliance with the applicable environmental laws. Trade effluent is treated in compliance with the applicable environmental laws and is recycled back into certain parts of the production processes or discharged within the brewery for landscaping/gardening/ horticulture-development purposes, instead of using fresh water. The Company's breweries treat and directly recycle into the process almost 25% of the total water.

The Company reuses patented glass bottles for bottling Beer. About 70% of the bottles are reused thereby protecting environment. Broken glass cullet are sent back to glass manufacturers. All the aluminium cans used for beer, are recycled by srcap dealers directly back into Aluminium manufacturing companies. Paper scrap largely find its way to the paper mills. Most of the units of the Company operate on 'Zero Discharge' mechanism, whereby treated effluent is used within the premises for horticulture and not let out of the factory. "Spent Yeast", a process waste, is treated, dried and sold as poultry feed. Spent grain from the brewing process is used as cattle feed. Your Company is constantly working towards adopting the best standards in environment. All of UBL's breweries comply with environment norms.

Principle 3:

Businesses should promote the wellbeing of all employees.

1. Please indicate the Total number of employees:
Employees are our strength. The total number of permanent employees as on March 31, 2018 (excluding temporary/ contractual/casual basis) is 2837.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis:
The total number of employees hired on temporary/contractual/casual basis as on March 31, 2018 is 5555.

3. Please indicate the Number of permanent women employees:
As on March 31, 2018, there were 129 permanent women employees.

4. Please indicate the Number of permanent employees with disabilities:
The number of permanent employees with disabilities as on March 31, 2018 is 22.

5. Do you have an employee association that is recognized by Management?
There are various workers' union/association in the breweries which are affiliated with recognised Trade Unions. Relations between the Management and workers' union/association are harmonious.

6. What percentage of your permanent employees is members of this recognised employee association?
Approximately 93% (total unionised permanent workmen / total permanent employees including workmen) of the total employees are members of recognised employees' unions/associations.

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

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

UBL has a policy for Prevention of Sexual Harassment which applies to all the employees at all its establishments. It ensures prevention and deterrence towards the commissioning of acts of sexual harassment and communicates procedures for their resolution, settlement or prosecution. Internal Complaint committees have been constituted at various locations in accordance with the requirements under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which ensures implementation and compliance with the Law as well as the policy at workplace.

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

Sl. No.	Category	Safety	Skill up-gradation
1.	Permanent Employees	100%	100%
2.	Permanent Women Employees	100%	100%
3.	Casual/Temporary/Contractual Employees	100%	100%
4.	Employees with Disabilities	100%	100%

Principle 4:

Business should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

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

Yes, as a result of regular and extensive stakeholder engagement over many years, the Company's business operations have evolved, balancing business priorities and responsibility towards economic, environmental and social sustainability. The Company builds thrust through productive relationships, fosters working partnerships and considers stakeholders both internal and external as integral to its business.

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

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

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

The Company's initiatives including generation of employment for differently-abled people in local communities at its various Unit locations (Breweries), include CSR activities such as Primary Health, Primary Education,Water Conservation and providing Safe Drinking Water, Don't Drink and Drive workshops for truck drivers and responsible consumption of alcohol. UBL conducts free health camps, blood donation camps, mobile dispensary etc. for benefit of the local communities. Safety training programs which are conducted for employees and workmen are also extended to contractual employees.

Principle 5:

Business should respect and promote human rights.

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

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

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

Other than those mentioned in reply to Principle 1 and Principle 9 of this Report, no complaints were received during the FY18.

Principle 6:

Business should respect, protect, and make efforts to restore the environment.

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

   The Environment, Health and Safety (EHS) Policy of the Company is focused on nurturing and safeguarding the environment for sustainable business. Employees and other stakeholder groups such as contractors, suppliers and customers are engaged for their shared responsibilities towards environment protection. UBL gives high importance to compliance of environment laws of the country.

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

   As a part of its initiative towards carbon footprint reduction, UBL has been focusing continuously on alternate methods for reducing energy consumption and protecting environment. UBL has taken two significant measures to reduce carbon footprint and global warming. Its entire steam requirement is sourced from agri-waste fuels by replacing coal/furnace oil. UBL has implemented energy generation through renewable sources at 11 of its breweries and shall implement in all breweries in a phased manner. These steps contribute towards reduction in Global warming. UBL uses recycled bottles for bottling of beer thereby protecting environment, reducing the carbon footprint in glass manufacture.

3. **Does the Company identify and assess potential environmental risk? Yes/No**

   Yes. The Company has a mechanism to identify and assess potential environmental risks. Each brewery conducts impact study of various activities and identifies controllable/uncontrollable and normal/abnormal/emergency scenarios of the operations. Any deviations from laid-down policy and procedure are addressed by corrective action.

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

   Yes. Under Clean Development Mechanism (CDM), the Company has commissioned a methane gas generator, to use gas produced in its Effluent Treatment Plant (ETP) in Sangareddy (Telangana), to produce electricity.

   The Company has also introduced renewal energy technology of biomass boilers and has replaced oil fired boilers with rice husk or briquette fired boilers. Solar panels are also installed at six breweries to use solar power. The Company is in the process of CDM declaration for carbon credit.

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

   The Company has undertaken several initiatives on energy efficiency and renewable energy. All breweries use agro-waste fuel in boilers which is energy efficient. Solar energy is also being used in several breweries. Details of measures taken in conservation of energy are mentioned in **Annexure - D** to the Director's Report forming part of the Annual Report. Research and Development in our field of Business has played a significant role in the growth of the business. Baseline study conducted for thermal energy consumption across all the breweries and benchmark study carried out for power consumption at Aurangabad brewery which resulted in several initiatives carried out on this front. The reduction in total energy consumption (thermal energy + power consumption) was 5% compared to the last financial year.

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

   Yes. The emissions/waste generated at all the breweries are within the permissible limits prescribed by Central Pollution Control Board/State Pollution Control Board (CPCB/SPCB) during FY18.

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

   There are no show causes/legal notices received from CPCB/SPCB which are pending to be resolved as of end of FY18.

Principle 7:

Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

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

   Yes. UBL is a member of Federation of Karnataka Chambers of Commerce & Industry (FKCCI), Bengaluru and also All India Brewers' Association (AIBA) which voices concerns of the beer industry with the Government, media and other sectors of society.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).**

   Yes. The Company engages with government, regulatory authorities and relevant public bodies for the development of public policies in keeping with the Company's work in Society, sustainability and compliance commitments. These includes Food Regulations, Environment, among others. The All India Brewers' Association plays an important role in representing the beer industry for various policy advocacy in consultation with the trade and industry chambers and other Government departments while framing guidelines, rules etc.

   The Company has adopted a policy on consumption of Alcoholic Beverages which advocates responsible use of alcoholic beverages. The Policy also articulates Company's views on usage of alcoholic beverages and express its intolerance to alcohol abuse which may cause an unfavourable environment to the organization.

Principle 8:

Business should support inclusive growth and equitable development.

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   The Company has specified programmes in pursuit of the CSR policy focussing largely on Primary Education, Primary Health, Water Conservation & Providing Safe Drinking Water and responsible consumption of alcohol in the vicinity of its breweries. Brief particulars of the CSR initiatives undertaken by UBL in FY18 are provided in the main section of this Annual Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

   CSR projects are undertaken through in-house team in collaboration with NGOs around various breweries of UBL. Such projects are aligned with UBL's initiative towards creating inclusive growth and for welfare of communities residing in the vicinity.

3. **Have you done any impact assessment of your initiative?**

   While an impact assessment has not been undertaken for UBL's CSR project, a CSR assurance exercise has been conducted by KPMG India. Field visits and regular reporting are used as tools to ensure effective implementation of the projects. Indicators have been developed to enable effective impact assessment in the future. Regular feedback is taken from the beneficiaries and other stakeholders for continuous improvement in implementation of CSR initiatives. The Company's brewery at Rajasthan has received awards and accolades for its exemplary contribution in the field of CSR. "Bhama Shah" Award was also conferred upon the brewery by the State Government for contribution to education. "People First" has conferred an award for leading practices in CSR for its interventions in 2017-18. UBL's CSR programs have featured in impact series of leading television channels like India Today, Zee Business and Times Now.

4. **What is the Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

   The Company's contribution towards community development projects i.e., Primary Health, Primary Education, Water Conservation & Providing Safe Drinking Water, Don't Drink and Drive workshops for truck drivers and responsible consumption of alcohol during FY18 was Rs.88.60 million. Details of the CSR initiatives undertaken by UBL in FY18 are provided in **Annexure - B** to the Directors' Report forming part of this Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successful adopted by the community? Please explain in 50 words, or so.**

   Yes. Community participation and ownership are essential components of UBL's CSR initiatives. Participatory approach is followed during project planning and implementation and all relevant stakeholders are encouraged to participate actively. Community is consulted before initiating any programme and needs assessment surveys form the basis for each project. The community monitors the project work till its completion and thereafter the Panchayat takes complete responsibility for the smooth operations of the project.

Principle 9:

Business should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentages of customer complaints / consumer cases are pending as on the end of financial year?**

   The Company has resolved all the complaints received during the FY18.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   Yes. Additional information about the product is displayed on the labels, over and above what is mandated as per laws.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

   The Company does not have any Stakeholder's complaint with regard to unethical or unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and which are pending as at the end of FY18.

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**

   Yes. UBL organizes awareness events periodically to redress grievances and to assess consumer trend, choice and consumer satisfaction survey.

ANNEXURE - B: ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

[Pursuant to Section 135 of the Companies Act, 2013 read with Clause (1) of Rule 8 of Companies (Corporate Social Responsibility) Rules, 2014.]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

   The Board of Directors at its meeting held on 27th May, 2014 adopted the CSR Policy pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Rule 5 of Companies (Corporate Social Responsibility Policy) Rules, 2014, (as amended). In line with the guidelines given under Schedule VII of the Companies Act, 2013, the CSR committee has identified activities primarily in four major areas viz., Primary Health, Primary Education, Water Conservation and providing Safe Drinking Water around which your Company focuses its CSR initiatives and channelize the resources in a sustained manner. New project on Responsible Consumption of Alcohol has been added to the CSR program during FY18.

   The CSR Policy is placed on the Company's website www.unitedbreweries.com and the CSR Projects / Programme undertaken by the Company can be accessed through the web-link www.unitedbreweries.com/csr under the head Corporate Social Responsibility.

2. The composition of the CSR committee is as follows:

Mr. Madhav Bhatkuly	-	Director (Non-Executive, Independent Director)
Mr. Shekhar Ramamurthy	-	Managing Director
Mr. Steven Bosch	-	Director (Chief Financial Officer)
Mr. Sunil Alagh	-	Director (Non-Executive, Independent Director)
Ms. Kiran Mazumdar Shaw	-	Director (Non-Executive, Independent Director)

Financial Details Rs. in Million

3.	Average net profit of the company for last three financial years	3,912
4.	Prescribed CSR Expenditure (two percent of the above average net profit)	78.24
5.	**Details of CSR spent during the financial year:**	
	(a) Total amount to be spent for the financial year	78.24
	(b) Amount unspent, if any	NIL

(c) Manner in which the amount spent during the financial year is detailed below:

Rs. in Million

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs (1)Local area or other (2)Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) District expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1.	**Primary Education** Vocational training to students, providing of uniforms, books, note books, stationary, Teachers' Salary, Computer Education, etc.	Promotion of education and vocational skills	1. Local area in the vicinity of our Brewery locations. 2. **State and Units:** Rajasthan (Chopanki, Alwar District), Karnataka (Nanjangud Industrial Area, Mysore District & Baikampady Industrial Area, Mangalore District, Bengaluru Rural District), Andhra Pradesh (Srikakulam), Telangana (Sangareddy 2 units), Odisha (Khurda), West Bengal (Kalyani), Tamil Nadu (Thiruvallur), Kerala (Palakkad & Cherthala), Bihar (Patna), Maharashtra (Aurangabad 2 Units and Taloja, Raigad District), Goa (Ponda), Haryana (Dharuhera) and Punjab (Ludhiana)	21.72	(1) 21.72 (2) NIL	21.72	Direct
	School Infrastructure Development and Enhancing Quality of Education		Rajasthan (10 villages in Tijara Block of Alwar District)	7.47	(1) 6.61 (2) 0.86	29.19	Sir Syed Trust
2.	**Water Management** Maintaining quality of water and providing water tanks and safe drinking water and conservation.	Safe drinking water and Environmental Sustainability	1. Local area in the vicinity of our Brewery locations. 2. **State and Units:** Karnataka (Nelemangala, Bengaluru Rural District), Maharashtra (Aurangabad District and Taloja, Raigad District), Kerala (Palakkad), Telangana (Sangareddy District), Tamil Nadu (Thiruvallur), Odisha (Khurda) and Rajasthan (Chopanki)	5.28	(1) 5.28 (2) NIL	34.47	Direct

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs (1)Local area or other (2)Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) District expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
2.	Safe Drinking Water: Project 1	Safe drinking water	Eleven villages in Nanjungad Taluka, Mysore District of Karnataka State.	8.93	(1) 8.45 (2) 0.48	43.40	ASSIST
	Safe Drinking Water: Project 2		Eighteen villages in Khurda District of Odisha State.	9.41	(1) 8.76 (2) 0.65	52.81	Springhealth Water (India)
	Safe Drinking Water and Water Conservation: Project 3		Ten villages of Rewari District of Haryana State.	11.90	(1) 11.31 (2) 0.59	64.71	Akhil Bharatiya Gramin Uthan Samithi (ABGUS)
	Integrated Natural Resource Management	Environmental Sustainability	Ten villages in Tijara Block of Alwar District of Rajasthan State.	4.51	(1) 4.18 (2) 0.33	69.22	Sir Syed Trust
	Water Conservation		Sultanwadi village, (Block-Phulambari) of Aurangabad District (Maharashtra)	1.55	(1) 1.40 (2) 0.15	70.77	Dilasa Janvikas Pratisthan
	Rejuvenation of lake and Rain Harvesting		Nandi Lake at Chikkaballapura District of Karnataka State and Restoration of Kalyani and Gundutopu lakes	6.28	(1) 5.71 (2) 0.57	77.05	United Way Bengaluru
3.	**Primary Health** Free Medicine for underprivileged people, Health Care activities, Health awareness camps	Preventive Health Care and Sanitation	1. Local area in the vicinity of our Brewery locations. 2. **State and Units:** Karnataka (Nelemangala), Andhra Pradesh (Srikakulam), Telangana (Sangareddy), Goa (Ponda), Kerala (Palakkad & Cherthala), Rajasthan (Chopanki), Maharashtra [Taloja, Raigad District and Aurangabad (one) unit], West Bengal (Kalyani)	2.94	(1) 2.94 (2) NIL	79.99	Direct
4.	**Mid-Day Meal Programme**	Eradicating Hunger and Poverty	Twelve villages in Mangalore, Dakshina Kannada District of Karnataka State.	2.00	(1) 2.00 (2) NIL	81.99	Akshaya Patra Foundation

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs (1)Local area or other (2)Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) District expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
5.	**Responsible Consumption of Alcohol**	Truck Driver's Workshop	1. Four Breweries 2. **State and Units:** Karnataka (Bengaluru Rural District) and Telangana (2 Units at Medak District)	2.84	(1) 2.41 (2) 0.43	84.83	Sambhav Foundation
		Awareness Generation	Across India	3.60	3.60	88.43	Direct
6.	**Environment**	Environmental Sustainability	West Bengal (Kalyani in Nadia District)	0.17	0.17	88.60	Direct
	TOTAL			**88.60**	**88.60**	–	–

7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the company.
8. The unspent amount during the previous financial year was spent in FY18.

By Authority of the Board

August 10, 2018
Bengaluru

Chairman of CSR Committee / Managing Director / Director and CFO
DIN: 00796367 DIN: 00504801 DIN: 07573930

ANNEXURE - C: FORM AOC-I

[Pursuant to first Proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiary

(Amounts in Rs. Million)

1.	Name of the Subsidiary	Maltex Malsters Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	Not applicable
4.	Share capital	4.50
5.	Reserves & Surplus	55.47
6.	Total Assets	109.47
7.	Total Liabilities	109.47
8.	Investments	NIL
9.	Turnover	130.00
10.	Profit before taxation	12.16
11.	Provision for taxation	3.49
12.	Profit after taxation	8.67
13.	Proposed Dividend	4.50
14.	% of Shareholding	51%

1. Names of subsidiary which are yet to commence operations : Not Applicable.
2. Names of subsidiary which have been liquidated or sold during the year : Not Applicable.

Part "B": Associates and Joint Ventures

(Amounts in Rs. Million)

	Name of Associates/Joint Ventures	Kingfisher East Bengal Football Team Private Limited (Formerly, United East Bengal Football Team Private Limited)
1.	Latest Audited Balance Sheet Date	March 31, 2018
2.	Shares of Associate/Joint Ventures held by the company on the year end	Associate
	Number:	4,999 Equity Shares
	Amount of Investment in Associate/Joint Venture:	0.049
	Extend of Holding (%):	49.99%
3.	Description of how there is significant influence	By virtue of Investment in excess of 20% of voting rights.
4.	Reason why the Associate/Joint Venture is not consolidated	The Company's interest in the associate has not been included in the consolidated financial statements as the same has not been considered as material.
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	2.08
6.	**Profit/Loss for the Year**	
	i. Considered in Consolidation	NIL
	ii. Not considered in Consolidation	-3.55

1. Names of Associates or Joint Ventures which are yet to commence operations : Not Applicable.
2. Names of Associates or Joint Ventures which have been liquidated or sold during the year : Not Applicable.

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

	Govind Iyengar	**Shekhar Ramamurthy**	**Steven Bosch**
August 10, 2018	Company Secretary	Managing Director	Director & CFO
Bengaluru	ACS: 8798	DIN: 00504801	DIN: 07573930

ANNEXURE - D: STATEMENT UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

(A) Conservation of energy

Electrical Energy:

- Installation of energy efficient pumps at Dharuhera Unit.
- Variable Frequency Drive (VFD) for electrical motors at Goa Unit.
- Installation of energy efficient air compressors at Ludhiana and Nanjangud Units.

Water Conservation:

- Recycling of effluent treated water with programmable logic control operated reverse osmosis (RO) plant installed at Srikakulam and Palakkad units to ensure water conservation.
- Commissioned of Effluent Treatment Plant (ETP) Reverse Osmosis (RO) at Ludhiana Unit to reduce intake of fresh water.

Capital investment on Energy Conservation:

- During FY18 UBL spent Rs.8.53 Million on Energy Conservation equipment.

(B) Technology absorption

- All Surface Empty Bottle Inspectors installed in Nelamangala Unit.
- Additions of Outside Side Wall (OSW) on existing Empty Bottle Inspectors (EBIs) at CBPL, Empee, MBIL-Aurangabad, UBR, Orissa and KBDL Units.

Research & Development

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

Expenditure on Research & Development

- During FY18 UBL spent Rs. 5.4 Million on Research & Development.

(C) Foreign Exchange Earnings and Outgo

	(Rupees in Million)
Foreign Exchange earned	2,233
Foreign Exchange used	2,694

ANNEXURE - E: FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members, United Breweries Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by UNITED BREWERIES LIMITED (CIN: L36999KA1999PLC025195) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by United Breweries Limited ("the Company") for the financial year ended on March 31, 2018 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI'):

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (No instances for compliance requirements during the year);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (No instances for compliance requirements during the year);

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, (No instances for compliance requirements during the year);

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, (No instances for compliance requirements during the year);

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, (No instances for compliance requirements during the year); and

   (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

vi. Various State Excise Laws relating to brewing/alcohol industry;

vii. Legal Metrology Act, 2009 and Rules thereunder;

viii. Food Safety and Standards Act, 2006 and rules and regulations made thereunder;

ix. The Environment (Protection) Act, 1986 and rules thereunder;

x. The Water (Prevention & Control of Pollution) Act, 1974;

xi. The Air (Prevention & Control of Pollution) Act,1981;

xii. All other Labour, Employee and Industrial Laws to the extent applicable to the Company;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above wherever applicable.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed note on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are carried through majority and recorded in the minutes and, unless stated otherwise, have been unanimous. Decision has been taken by majority in all Board meetings during the year.

I further report that there are adequate systems and processes in the company commensurate with size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

SUDHIR VISHNUPANT HULYALKAR
Company Secretary in Practice
FCS No. 6040
C P No. 6137

Place: Bengaluru
Dated: August 08, 2018

ANNEXURE - F: ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE REPORT

Own Manufacturing Network

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

* Brewery not in operation due to prohibition in the State.

Contract Manufacturing Network

UTTAR PRADESH – ALIGARH	ASSAM – GAUHATI
DAMAN AND DIU – DAMAN	SIKKIM – RANGPO
MADHYA PRADESH – INDORE	MEGHALAYA – SHILLONG
JAMMU AND KASHMIR – SAMBA	JHARKHAND – RANCHI
WEST BENGAL – HOOGLY	ANDHRA PRADESH – NELLORE

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

Discretionary Requirements

a) The Board:
The Chairperson of the Board is entitled to maintain his/her office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his/her duties. However, currently there is no permanent Chairperson on the Board.

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

c) Modified opinion in audit report:
There is no modified opinion in the Auditor's Report.

d) Separate posts of Chairperson and CEO:
The position of Chairperson and Managing Director are held by separate individuals.

e) Reporting of Internal Auditor:
The Internal Auditor reports to the Directors & CFO and also makes presentation on matters arising out of audit to the Audit Committee on a quarterly basis.

Compliance with Code of Business Conduct and Ethics

In accordance with Regulation 17(5)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, it is hereby confirmed that during the year 2017-2018, all the members of the Board of Directors and Senior Managerial personnel have affirmed their Compliance with the Company's Code of Business Conduct and Ethics.

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Place: Bengaluru
Date: August 10, 2018

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To Members of United Breweries Limited

We have examined the compliance of conditions of Corporate Governance by **United Breweries Limited** ("the Company"), for the purpose of certifying of the Corporate Governance under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2017 to March 31, 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.We draw the attention of Members to the following facts:

(i) Vide Order dated 25.01.2017 passed by the Securities and Exchange Board of India (SEBI) Dr. Vijay Mallya was restrained from holding the position as Director or Key Managerial Personnel of any listed company with effect from the date of said Order. Thereafter, Dr. Mallya did not participate in any Board Meetings and was not involved in taking business decisions of the Company.

(ii) At its meeting held on August 10, 2017, the Board of Directors of the Company observed that in normal course, Dr. Mallya, as Director would have come up for retirement by rotation at the AGM on September 23, 2017 in terms of Section 152(6)(d) of the Act. In the circumstances that SEBI had restrained Dr. Vijay Mallya from holding position as Director or Key Managerial Personnel of any listed entity, neither could Dr. Mallya offer himself for re-appointment nor could the Board of Directors recommend his re-appointment as Director of the Company at that AGM till such time the restraint imposed by SEBI Order was vacated or disposed off in favour of Dr. Mallya.

(iii) Thereafter, the Company filed requisite forms/intimations with the Ministry of Corporate Affairs, BSE Limited, National Stock Exchange of India Limited and other authorities notifying Dr. Mallya's cessation from holding the position of Director in the Company. The e-form filed by the Company in this regard with the Ministry of Corporate Affairs was approved by the Registrar of Companies, Karnataka..

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

For BMP & Co.
Company Secretaries

Pramod SM
Partner
FCS: 7834/CP No.: 13784

Place: Bengaluru
Date: 10.08.2018

Board of Directors

Mr. Shekhar Ramamurthy *(Managing Director)*

Mr. Steven Bosch *(Director & Chief Financial Officer)*

Mr. A. K. Ravi Nedungadi *(Non-executive Director)*

Mr. Frans Erik Eusman *(Non-executive Director)*

Mr. Christiaan A J Van Steenbergen *(Non-executive Director)*

Mr. Chhaganlal Jain *(Independent Director)*

Mr. Chugh Yoginder Pal *(Independent Director)*

Mr. Sunil Alagh *(Independent Director)*

Ms. Kiran Mazumdar Shaw *(Independent Director)*

Mr. Madhav Bhatkuly *(Independent Director)*

Mr. Stephan Gerlich *(Independent Director)*

Management Committee

Mr. Shekhar Ramamurthy *(Managing Director)*

Mr. Steven Bosch *(Director & Chief Financial Officer)*

Mr. Kiran Kumar *(Chief Sales Officer)*

Mr. Manmohan S. Kalsy *(Chief Human Resource Officer)*

Mr. Cedric Vaz *(Chief Supply Chain Officer)*

Mr. Samar Singh Sheikhawat *(Chief Marketing Officer - till July 31, 2018)*

Mr. Perry Goes *(Chief Strategy & Business Analytic Officer)*

Mr. Ramesh Vishwanathan *(Chief New Business Officer)*

Mr. Govind Iyengar *(Senior Vice President - Legal & Company Secretary)*

Notes:

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UNITED BREWERIES LIMITED

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Website: www.unitedbreweries.com