UNITED BREWERIES LIMITED

ANNUAL REPORT 2016 - 2017

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

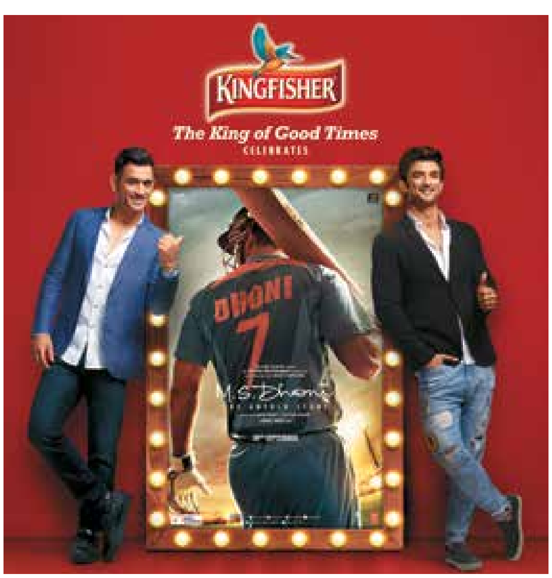
Brewing excellence since inception

CRICKET AND KINGFISHER - THE HEARTBEAT OF INDIA

Kingfisher launched its **'Cricket Edition 2017'** packs. This initiative ensured that the association of Cricket and Kingfisher reached every consumer across the country. The initiative was supported with impactful visibility across points of sale with a strong message – **'Cricket & Kingfisher – The Heartbeat of India'.**

THE NATION PAUSES FOR #KINGFISHERMANNEQUINCHALLENGE

Kingfisher associated with 7 IPL teams for the 10th year of the tournament. Over the years, the cricketers dancing and singing to the Kingfisher jingle had become synonymous to the brand's communication during this tournament. This year, the brand's clutter-breaking communication of #KingfisherMannequinChallenge was seen by the fans as a refreshing change.



KINGFISHER AND M.S. DHONI – TWO ICONS OF INDIA

Kingfisher created one of the most innovative movie marketing associations of all time, when it tied up with the superhit movie **'M.S Dhoni - The Untold Story'.** The role of M.S Dhoni was played by Kingfisher's brand ambassador Sushant Singh Rajput. In this iconic TV commercial, Kingfisher brought together the reel and real life Dhoni in one TVC!

15 YEARS OF UNPARALLELED GLAMOUR

The Kingfisher Calendar, the brand's most glamorous property has captivated people for 15 remarkable years. The 2017 edition was shot at exotic locations in Greece and lived up to the expectations with its breathtaking images.

GOOD TIMES AT SUNBURN

Kingfisher continued its long term association with Sunburn, India's biggest and most exciting music festival.

LIFE IN THE FAST LANE

Great things are bound to happen when F1 and Kingfisher - The King of Good Times, join forces. The Formula 1 team, 'Sahara Force India', which Kingfisher is associated with, stood a creditable 4^{th} in the overall team standings in the 2016 season.

PITCHERS

— PITCHERS —

THE ULTIMATE NIGHTLIFE PLANNER

TOTAL DOWNLOADS: 1.6 LAKHS AND COUNTING

CURRENTLY PRESENT IN BANGALORE, MUMBAI & DELHI

The leading nightlife planning app in India, Pitchers, is loaded with information on the best pubs, restaurants, live events and flash deals in each city.

@pitchersapp @pitchersapp

ULTRA RACES TO THE 2 MILLION MARK!

This year, Kingfisher Ultra takes a new spot in the super premium mild beer segment. With sales soaring to 2 million cases, the brand has become one of the most popular choices in the category.

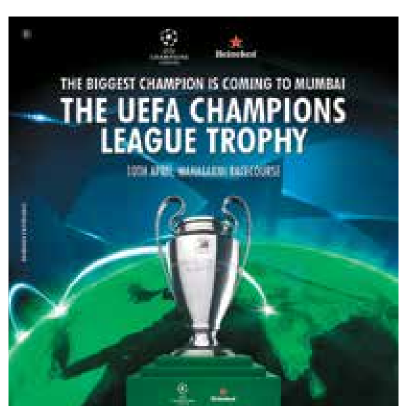
ULTRA SHORTS

Ultra Shorts is a digital platform to share consumer stories that anyone, especially today's millennials, can relate to. These films, centred around Kingfisher Ultra, offer a great hook for the audience of today!

The platform was launched with our first short film, **Half Ticket,** that revolved around the Kingfisher Ultra Indian Derby. The film has crossed 1.5Mn views on YouTube and over 9Mn on Facebook. This was followed by **Born Free,** which trended on YouTube for 4 days and has crossed 3.5Mn views on YouTube and 11Mn on Facebook.

HEINEKEN – THERE'S MORE BEHIND THE STAR

To help people discover more about Heineken, we launched a multi-city **'Credentials'** campaign.



HEINEKEN BRINGS THE BIGGEST CHAMPION TO INDIA

Heineken made every football lover's dream come true, by bringing the UEFA Champions League Trophy Tour to India, for the first time ever.

THE KING OF SWAG IS HERE!

Kingfisher, the most loved and trusted beer brand across India, announced the launch of **KINGFISHER STORM**, a new premium strong beer. A less bitter and an easy to drink smooth beer, it is all set to cheer beer lovers across the country. Packaged in an exciting blue bottle and smart 500ml cans, it is already beginning to captivate discerning consumers.

WE HAVE LAUNCHED A RANGE OF INTERNATIONAL BRANDS

HUMAN RESOURCES

CORPORATE GOVERNANCE

Values & Behaviours:

United Breweries Limited believes in its fundamental values and expects its employees to understand them and live by them.

The values and behaviours are communicated to the employees through various functional forums. The company has produced an induction video that helps new joinees understand our values and behaviour.

Governance & Ethical Standards:

United Breweries Limited Code of Business Conduct (COBC) lays down broad directions as well as specific guiding principles for all business transactions and conduct at the workplace. The COBC is applicable to all business practices, employees, contractor employees and consultants of UBL.

This year, we introduced a customised mandatory online interactive e-learning course on UBL's COBC. All executive employees have completed the course and earned a certification as a mark of understanding UBL's code of business conduct and abiding by it.

OVERVIEW OF CLIMATE SURVEY 2016

81%

...of our employees say ***"Taking everything into account, I would say this is a great place to work."***

This is close to what employees in India's Top 50 organizations say in the same survey.

In our constant endeavor to re-invent ourselves, we participated in a global climate survey conducted by a leading third party partner, **'Great Place to Work'** for the fifth consecutive year.

We had the opportunity to get a feel of our employees' perspectives and perceptions, measured on 5 parameters – Credibility, Respect, Fairness, Pride and Camaraderie.

The summary findings are as follows:

1. 81% of the team members at UBL strongly believe in the overriding statement "Taking everything into account, I would say this is a great place to work."

2. The organisation has outdone itself on all parameters as compared to the previous year.

3..UBL's scores are comparable to that of the Top FMCG 2016 companies.

LEARNING & DEVELOPMENT INITIATIVES

Learning and Development continues to be a very high priority initiative for the entire organisation. UBL focusses a lot on employee development & learning. Its learning initiatives are well aligned to business.

Following were some of the programmes conducted throughout the year:

Classroom Learning

Nearly 25,000 hours of Standardized training with focus on Around-the-Machine, TPM & Safety trainings.

Basic Safety Awareness Appreciation programme for the sales force.

Selling Skills for the frontline sales team.

278 sales employees, through 12 workshops by a world renowned sales training firm were trained on Range Selling/ Portfolio Selling.

E-Learning

An E-learning app provides access to learning any time, at an employee's convenience.

Peer Learning

"Vidya Samay" is delivered by in-house subject matter experts on varied subjects.

Friday Reflections

Published every week, disseminates knowledge on UBL's values and behaviours.

UBL UNIVERSITY
Where Leaders Grow

CELEBRATIONS

Celebration is a way of life at UBL - with factory-level annual family get-togethers, competitions for children, annual sports events, Women's Day celebrations etc., UBL celebrated more than 170 events at various locations through the year.





STEPATHLON 2016

UBL participated in Stepathlon, a unique, pedometer based mass participation event which provides a simple and relevant solution to transform the sedentary into the active, and the active into more active, for the 5th consecutive year.

UBL as an organisation has bagged the Most Active Company award in the FMCG category for 2016, for the 3rd time in a row.

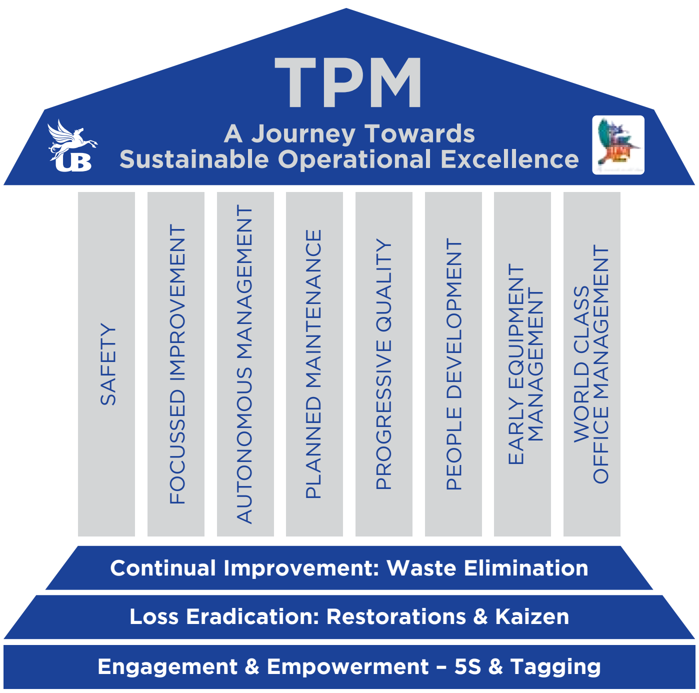
IN **100** DAYS

545 PEOPLE | WALKED **215495979** STEPS | COVERED **137873** kms | TO BURN **9050831** CALORIES | AT **61** LOCATIONS

MANUFACTURING AT UBL

United Breweries Limited has a network of 21 own breweries and 8 contract breweries across the country. The spread of the breweries gives a unique advantage of speed of delivery and freshness of stocks, across all regions of the country.

The manufacturing function at United Breweries Limited encompasses the entire gamut of operations, starting from the Procurement of Raw Materials, New Product Development and Centre of Manufacturing Excellence.



The company has got the capacity to produce 18 million hectoliters of beer per annum, with a combination of bottling and can lines spread across strategic locations in the country.

The geographic advantage also results in improved profitability since the import / export duty structures are state specific. The old bottle collection mechanism in each state ensures that the patented returnable glass bottle pool is protected to minimize overall product costs.

Kingfisher Ultra production was started at the Golconda brewery, in addition to the Bombay brewery, as a strategic initiative to cater to the growing demand of Telangana and Andhra markets.

A new can line was commissioned at the Goa brewery. The Shahajahanpur brewery capacity got increased from 0.25 to 0.75 million cases/month.

TPM – Total Productive Management

PROJECT "UDAAN"

Purpose

The objective is to develop a participative culture in the organization using a structured methodology, to drive sustainable improvements. This initiative is referred to as Total Productive Management (TPM) or Project Udaan.

What we have done

TPM (Project Udaan) has now become a way of working at UBL units. This process is leading to a great level of employee engagement at all levels and is helping UBL move towards World Class Operational Excellence.

Employee Engagement Event – HO Level Kaizen Competition

- Efforts have been put to simplify the way of working and integrating TPM needs and Functional needs by making it a single way of working for operational excellence.

Capability Building – Problem Solving Sessions

Benefits obtained

- Achievement of business goals/ technical efficiencies through a structured way of problem solving by working on losses at all levels.

PROJECT KAVACH

Purpose

To evolve a sustainable safety culture in the organization using people-centric initiatives to inculcate the habit of safety at work.

What we have done

- Roll out of safety awareness to the sales team
- Review of minimum mandatory safety systems and strengthening of PASS (Positive Assurance Safety System) at breweries to raise the bar in safety performance
- Regular review of electrical safety systems at the breweries
- Improved focus on safety trainings and risk assessments

Fire Fighting Training at Units

Celebration of National Safety Week

Benefits obtained

- Improved safety awareness among all the functions in the organization
- Drastic reduction in safety incidents at the breweries

CORPORATE SOCIAL RESPONSIBILITY

United Breweries Ltd. (UBL) has always had a strong sense of responsibility towards the communities residing in the vicinity of its breweries. The CSR programme was started over a decade ago, however, over the last two years the programme has gathered a lot of momentum and interventions are being implemented at a larger scale.

UBL's CSR activities are designed around the chosen thematic areas of water, education and health. These areas are chosen being mindful of the national development goals of the Government of India as well as issues that are pertinent to UBL's business from a social perspective.

Mr. Shekhar Ramamurthy
MD, UBL

"UBL has always been a socially conscious company. We believe that the communities around our breweries are an essential and indispensable part of our ecosystem, and thus, our social initiatives are focused around the breweries. In a small way, UBL CSR has looked at contributing to the national development issues. We have identified the themes of drinking water, water conservation, healthcare and primary education. We have touched the lives of over 110,000 people through our water initiatives, over 11,000 children through our education programmes and over 35,000 individuals through health interventions. UBL is committed to the CSR and Sustainability agenda that we have set for ourselves. Over the next 3 years we would like to reach 1 million people with our safe drinking water initiatives. Our 'water neutral' programme will see us identifying and implementing several large scale projects in water replenishment and recharge."

CSR IMPACT

1 — **UBL's water interventions have benefited over 1,10,000 persons across seven states**

- **A** Safe drinking water is being provided through 11 RO Water ATMs and the installation of another 10 is underway. Water purifiers have been provided to 1,565 households
- **B** Water conservation through watershed management is being undertaken in drought prone areas of Aurangabad and Bhiwadi
- **C** Rejuvenation of two large water bodies has been undertaken in Palakkad and Mangalore

2 — **The health initiatives have reached out to more than 35,000 individuals in ten states**

3 — **Through the education initiatives, UBL has helped improve the learning experience of more than 11,000 school going children**

Water

UBL understands the importance of giving back the water that is consumed, in a usable state. The water initiatives at UBL are the largest among all of its social responsibility initiatives. The efforts are concentrated towards reducing the usage of fresh water, conserving water, providing safe drinking water as well as harvesting rain water.

Safe Drinking Water and Water Conservation Programme

Karnataka

1. Safe Drinking Water: Rural Bangalore

Implementation Partner: SIRDS

The three RO water plants installed in Bomanahalli, Gangadharpalya and Veerananjipura have seen increasing uptake of the water cans. Effective maintenance of the three plants has been carried out during the year to ensure continuous service to the communities.

Community Water Supply

An overhead water tank with 1 lakh litres capacity has been constructed and will benefit about 500 families living in the vicinity.

2. Water Conservation: Mangalore

Implementation Partner: KRG Rainwater Harvesting and Vrutti Livelihoods Resource Centre

A nallah has been rejuvenated in the Badagabellur village of Mangalore district. The rejuvenation of this nallah has improved the water table in the cultivable lands surrounding the nallah, and the farmers who own these lands are able to cultivate two crops a year now. The water recharge potential of this project has been estimated at 2,70,000 KL per annum. The project has benefited 80-90 farmers and has had a direct impact on 350-400 hectares of land.

Telangana

Safe Drinking Water Programme: Sangareddy

Implementation Partner: ASSIST

Through this project, UBL is supporting a community water scheme and eight drinking water plants to ensure availability of safe drinking water to over 28,765 residents of 10 villages in the vicinity of the two breweries in collaboration with ASSIST, a non-profit organisation. These water plant rooms have been constructed on the panchayat land and a committee has been constituted including panchayat members, RO vendor, NGO and a UB representative to ensure maintenance of the plant for the next five years. Awareness generation activities have been carried out through street plays and community meetings.

Maharashtra

Water Conservation and Safe Drinking Water: Gangapur, Aurangabad

Implementation Partner: Dilasa Janvikas Pratishthan

Water Storage Tanks and Wells

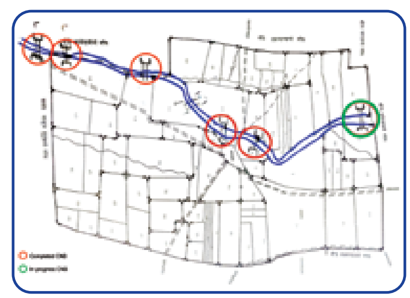
The well in Ghanegaon village was de-silted to be able to collect and preserve the rainwater as a pre-monsoon measure. Ambelohal with a population of 4,663 and a water deficit of 1,14,520 litres was struggling to meet its water needs. In the village there is one well but the depth was only 64 feet and therefore it was essential to deepen it to increase its capacity. It was therefore decided to deepen the well for about 21 feet to reach a total depth of 85 feet.

Four villages in Aurangabad-Ambelohal, Kasoda, Ghanegaon and Jogeshwari had been struggling with the problem of water scarcity, and the villagers were dependant on water tankers. A majority of the existing hand pumps and borewells had become non-functional, further adding to the water woes of the villagers. In order to improve water availability and reduce drudgery for women, 15 water storage tanks were constructed around different settlements in the villages.

Cement Nala bunds

13 Cement nala bunds are being constructed to harvest rainwater, check soil erosion and help increase the ground water level in the surrounding areas.

These bunds will help check the flow of water, as a result of which the level of water in the surrounding wells will increase, and the borewells that had previously run dry will pump water again.



Water Purifiers

A majority of the targeted villages have absolutely no ground water available and they get water from the Government MIDC pipelines, which undergoes one round of purification at source and therefore, TDS and other impurities are low. For these villages, household water purifiers were distributed to 1,565 families in 5 villages.

Due to the CSR initiatives by United Breweries, the drinking water and associated problems have been mitigated to quite an extent. Previously, there was no facility for storing drinking water and the villagers were dependant on the tankers made available by the Government. The limited supply created conflicts among the different communities in the village. With the construction of the tanks the water can now be stored and made available to everyone throughout the day.

Hasan Patel Sarpanch Ambelohal

Water Conservation Project to Combat Drought: Phulambri, Aurangabad

Implementation Partner: Dilasa Janvikas Pratishthan

To combat the drought situation in Sultanwadi village, Phulambri, the watershed is being treated with interventions like the construction of earthen dams, trenches, gully plugs and gabions, among others. As a preparatory measure, rain gauges have been installed in the village to capture and record the rainfall quantity for the monsoons in 2017-18.

Kerala

Water Conservation Project: Palakkad

Implementation Partner: KRG Rainwater Harvesting

A rain water harvesting project has been implemented in Chellankavu village, Pudussery panchayat that has benefitted around 700 families living in the vicinity. The villagers were using water from the lake for the cultivation of two crops. However due to the limited storage capacity of the lake, they were not able to further utilise water for a third crop cultivation. The project involved rejuvenation of the village lake, which has a huge catchment area on the northern side, next to the hills of the Western Ghats. In addition to this, the depth of the lake was also increased by 1.5m from the existing base level. The bunds on the Northern, Eastern and South-Eastern sides were strengthened and the height of the weir was increased, thereby increasing the storage capacity to a great extent.

Rajasthan

Integrated Natural Resource Management: Bhiwadi

Implementation Partner: Sir Syed Trust (SST)

The integrated Natural Resource Management Project has been initiated to conserve water, as well as improve the livelihood opportunities for the communities living in the 10 villages around the brewery. The project is designed largely for recharging ground water, by renovating indigenous rainwater harvesting structures like ponds and constructing earthen dams. In addition to rainwater harvesting, the project is designed to address the livelihood needs of people living in these villages.

Fruit orchards are being promoted among several farmers to provide enhanced livelihood opportunities.

EDUCATION

UBL endeavours to improve the education experience and quality for children, especially from the underprivileged sections and the education initiatives are designed for the same. UBL's breweries across India have adopted neighbouring Government schools and supported them in meeting their requirements on a regular basis. In addition to this, UBL has focussed education projects being implemented in Rajasthan and Karnataka towards giving a facelift to select Government Schools. They have helped out in terms of infrastructure as well as teaching-learning experience, and to promote science education among the children respectively.

Karnataka

Mini Science Centre Project: Mysore

Implementation Partner: Ace Education Trust

United Breweries Limited and Ace Education Trust®, an NGO, based in Mysore have set up Mini Science Centres in 7 Government Primary Schools in Nanajangud Taluk. The centres are aimed at encouraging practical learning of science in rural schools. Each centre houses 30-60 working science models to help children understand the concept, rather than learning it through the rote method.

> "My friends and I do not have any limitations in learning now. Earlier, we were unable to understand certain concepts taught in the class but with the lab, our understanding has improved. Learning in the lab is not just fun but also helps us improve our knowledge."
>
> **Ravi Chandra R,** Kanakadasa Government School

"For several years now, United Breweries Ltd. has been involved with doing CSR activities in and around its breweries to help villagers alleviate some of the issues faced in daily life, as well as get the benefits of education and medical care. In the last couple of years, with a whole new focus on providing clean and safe drinking water to villages, UBL's CSR activities have clearly taken a significant leap forward and made a huge difference to the people in need. UBL now looks at its CSR and activities as a pivotal part of its sustainable growth and business continuity agenda."

Cedric Vaz Executive Vice President, Manufacturing

Rajasthan

School Adoption Programme: Bhiwadi

Implementation Partner: Sir Syed Trust

This school adoption programme in Tijara block of Bhiwadi district intends to improve the infrastructure and quality of primary education in 10 schools. This project is a tripartite project between the District Government, United Breweries Limited and Sir Syed Trust. Majority population of this area comprises of meo-muslims who are very deprived and largely illiterate. The programme aims to enhance over all ambience of the selected schools, introduce systems that would help in increasing enrolments and retentions and improve the education status of girls in the target villages.

Outcomes:

- School infrastructure revamped in eight schools
- 507 children have enrolled in the schools as a result of enrolment rallies and door to door campaigning
- Kitchen sheds for the preparation of the Mid-Day Meal equipped in three schools
- Six reading corners established in three schools
- School Management Committees re-activated in all the schools
- Teachers training organised to work towards improvement of quality of teaching in these Government schools
- Summer camps organised to teach children in the play way method so that they look at schools as a place where they could have fun along with education, as is the perception of private schools

HEALTH

UBL's healthcare initiatives are directed towards improving access to primary healthcare services and reducing the economic burden arising out of healthcare needs. A majority of UBL's breweries provide primary healthcare to the neighbouring communities. The healthcare services include health centres and mobile medical units equipped with qualified doctors and nurses, health camps on various issues like eye care, women's health and other general ailments. The idea is to take healthcare to the people by providing free consultations and medicines and improve the health seeking behaviour.

"I believe that CSR has to become a way of life for all of us. This is not just following what is legislated. This has to do with being a responsible corporate citizen, and giving back to society at large. We owe a lot to various stakeholders who have helped us achieve so much in the field of business. This has to be about giving back to all those who helped us get here, as well as those who are less privileged than us, in a way that is safe, responsible and sustainable. This has to do with making the planet a better place to live in for future generations."

Samar Singh Sheikhawat Sr. Vice President, Marketing

Karnataka

Nelamangala

The healthcare centre at Gangadharapalya provided consultation to 2,861 individuals. Pest control services and fumigation has been carried out in the village and has benefitted 200 families.

Mangalore

Health camps were organised in Bykampady and Kurikatta villages, benefitting 430 individuals.

Telangana

The Mallepalle Health Centre has provided medical consultations and free medicines to 6,734 villagers during the year.

West Bengal

69 visually impaired children of Anne Sullivan Institution for the Sightless have been provided healthcare services and nutritional support through a health centre. Primary healthcare services have been provided to 334 individuals.

Kerala

The medical dispensary has provided primary healthcare services to approximately 1,000 people.

Goa

The health centre in Bethoda village has provided medical services to 911 villagers. Talks on preventive healthcare were organised on Women's Day benefitting 200 women in the Bethoda Panchayat.

With the objective to improve the availability of sanitation facilities in Bethoda village, a toilet unit was constructed for women. The unit is located near a temple that sees large number of visitors, including women, during the festivals, who will now have easy access to a toilet.

"I am very pleased with the progress we have made with our CSR initiatives during the fiscal year. During the year, we have implemented safe drinking water projects around five of our breweries, each contributing significantly to the welfare of communities residing in the vicinity of our operations. I would like to highlight the positive responses to the water conservation, safe drinking water and education projects. We are excited to further develop our initiatives to increase our CSR and Sustainability footprint across different regions in India."

Steven Bosch CFO

Rajasthan

Health camps organised in the village of Gwalda provided medical care to 671 individuals. The Mobile Medical Unit at Gandola provided healthcare services to 504 individuals.

Andhra Pradesh

Primary health facilities, including 33,700 consultations were provided by the Srikakulam unit in ten villages.

Fumigation has been carried out for mosquito control in three villages.

3,454 patient consultations were held at the Primary Health Centre at Bantupalli and medicines were provided free of cost to the visiting patients.

Bihar

A medical check-up camp including eye check-ups and spectacle distribution was organised in Chainpura village, benefitting 200 individuals.

Maharashtra

Aurangabad

Regular doctor facility, along with free medicines and pathology services has been provided to the students of two schools in Aurangabad. 1,055 consultations have been done in the last one year.

Eye check up camps were organised in 5 villages of Gangapur block, benefitting 1,555 villagers.

Mumbai

The medical health centres run in Palekhurd and Dongrepada has reached out with quality medical care to more than 600 individuals.

"Corporate Social Responsibility is a partnership between the corporate and the community to assume and execute responsibility towards the impact of business on the society. All our initiatives aim at creating long-term value, and having a deep impact on the lives of our stakeholders and help in forming sustained partnerships. We implement our CSR initiatives through reputed regional non-profits, who have a continuous presence at the project implementation sites. Considering our CSR footprint is the 10 km radius of our manufacturing units, employees from the location are involved in the entire process of planning and execution of the initiatives. We have seen growing enthusiasm amongst the employees towards the CSR and sustainability agenda. Innovation is key to improvising on existing interventions and we have been communicating with water based technology incubators to have the most socially and envir responsible intervention. Almost 40 villages around our manufacturing units would be covered under the safe drinking water programme in the next year, while health and education initiatives will continue to be sustained and made robust."

Tushara Shankar Head- CSR

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, 2017 ('the year under review', 'the year' or 'FY17').

FINANCIAL SUMMARY

Financial performance for the year ended March 31, 2017 is summarized below:

(Amounts in Rupees million)

FINANCIAL RESULTS	Year ended March 31	
	2017	*2016*
Gross Turnover	**102,282**	*96,400*
Other income	**516**	*862*
EBITDA	**6,928**	*7,780*
Depreciation and amortization	**2,870**	*2,435*
EBIT	**4,058**	*5,345*
Interest	**587**	*811*
Profit before Taxation	**3,471**	*4,534*
Provision for Taxation	**(1,178)**	*(1,556)*
Other Comprehensive Income	**(58)**	*(43)*
Profit after Tax available for appropriation	**2,235**	*2,935*
Appropriations:		
Dividend on Equity Shares (including taxes thereon)	**366**	*318*
Transfer to the General Reserve	**229**	*295*
Balance your Directors propose to carry to the Balance Sheet	**1,640**	*2,322*
Total appropriations	**2,235**	*2,935*

The financial statements for the year ended March 31, 2017 have been prepared under Indian Accounting Standards ("Ind AS") pursuant to notification by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 for implementation with effect from April 01, 2016. The financial statements for the year ended March 31, 2016 have been restated in accordance with Ind AS for comparative information and to conform to Ind AS.

The Gross turnover of UBL grew by 6% on account of increased Sales ahead of industry growth. Interest cost decreased by 28% due to better working capital management. EBITDA for the year under review stood at Rs. 6,928 million as compared to Rs. 7,780 million in the previous year, reflecting decrease of 11%. Depreciation for the year was Rs. 2,870 million as compared to Rs. 2,435 million in the previous year.

Profit before Taxation for the year stood at Rs. 3,471 million as compared to Rs. 4,534 million in the previous year, reflecting a decrease of 23%. Profit after Taxation stood at Rs. 2,235 million as against Rs. 2,935 million in the previous year.

DIVIDEND

We take pleasure in proposing a dividend of Rs. 1.15 per Equity Share of Re.1/- each for the year ended March 31, 2017. 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. 366 million, which amounts to about 16% of the Profit after Tax.

RESERVES

UBL proposes to transfer Rs. 229 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, 2017 remains unchanged at Rs. 264.4 million comprising 26,44,05,149 Equity Shares of Re.1/- each.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In a very difficult year marked by imposition of prohibition in Bihar, Demonetization, political turmoil in Tamil Nadu and the Supreme Court directive on closure of all outlets within 500 meters of all highways across the country, your Company gained close to 1% market share raising its market share to 51% and outperformed its competitors and industry. However, after many years of continuous growth, business during the period under review did not grow at the same pace as in the past. The Management is committed to put the business back on growth path.

On the basis of alcohol content, beer in India can be categorized into Strong and Mild Beers. Strong beer which has an alcohol content between 6% and 8% dominates the beer market accounting for over 85% of the total beer consumed in India. The Super Premium beer segment within both the Strong and Mild beer categories has been growing faster than the overall beer industry and has grown at a Compounded Annual Growth Rate (CAGR) of almost 30 per cent over the last three years. The Indian beer market continues to grow in line with expectations, albeit with some blips. Industry volumes grew at a CAGR of 8% during the last five years.

Though the alcohol industry in India has been dominated by Spirits (IMFL and country liquor) and Beer comprises about 11% of the total alcohol consumed in India, Beer is the preferred alcoholic beverage for young Indians and has a bright future. It has registered robust growth in the last 10 years, with consumption having more than doubled. Two leading players contribute over 70% of the total industry sales, UBL being the market leader with a market share of over 51%.

There has been a trend of emergence of brew pubs in large cities such as Bengaluru, Pune and Gurgaon over the last few years. These outlets have introduced consumers to new types of beers for e.g., wheat beer.

UBL has been successful in meeting all these challenges and is continuing to strengthen its position in the market.

The Industry remains highly regulated with high taxation. In many parts of the country, wholesale and/or retail distribution is controlled by State Government monopolies. Also in 60% of the markets, State Governments dictate the price at which beer can be sold. However, in combination with the young demographics, rising disposal incomes and warm climate of the country, we believe in the long term growth prospects of the beer market notwithstanding the constraints mentioned above.

Goods and Services Tax

Goods and Services Tax (GST) is a landmark reform which will have a long-lasting impact on the Indian economy and businesses which has been rolled out on July 01, 2017. GST is a destination based tax on consumption of goods and services, proposed to be 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 would be levied simultaneously on every transaction of supply of goods and services except the exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits.

The Government has kept alcoholic beverage industry outside the purview of GST. However, the input/raw materials used by UBL would attract GST. This would result in higher tax incidence on input materials pushing up our cost of production and will have a cascading effect on the profit margin of your Company.

The Management has actively pursued remedial tax planning measures internally and also with the Government in order to mitigate the negative impact of the legislation on our business.

Sales and Marketing

UBL continues to lead in the Indian Beer market, with a volume that is more than twice the size of the nearest competitor.

Kingfisher Strong continues to be the single largest brand in the Indian beer market with sales of over 100 million cases. 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 Lager continue to be among the fastest growing brands in the Indian market. These brands have been established in India as world class super premium beer brands. Kingfisher Ultra brand is being promoted on the Fashion and Style platform. In addition, we have launched Ultra Shorts, a highly engaging web series for the brand.

Heineken, the fastest growing brand in UBL's portfolio, has established itself as India's most premium brand. It is being promoted leveraging the Global marketing platforms of Football (UEFA Champions League), James Bond and Music. We are looking at creating India specific communication for Heineken in the current fiscal.

The Company maintains 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, Kingfisher East Bengal Football Club, Sunburn EDM festival and Formula One Racing. Our association with restaurants/bars/pubs/clubs/star hotels/night clubs is uninterrupted.

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 and Bengaluru.

Supply Chain

Our manufacturing expenses for the FY17 amounted to Rs. 21,942 million, representing 21% of sales, as against Rs. 21,389 million in the previous financial year, which constituted 22% of sales. The relative decrease is due to 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 environmental impact, we have adopted NNPB technology (less weight, less energy, less environmental impact) in almost 50% 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.

Key material imports for Heineken brand 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 a focus on new capabilities, development of new products, enhancement of existing products, productivity improvement and cost reduction.

Human Resources

People are your Company's biggest and most valuable asset. Your Company provides a congenial working environment which enables success through ownership, camaraderie, freedom of thought and action. Your Company nurtures its human resources through mentoring, coaching, learning & development programs etc. Your Company believes in celebrating milestones, both big and small and encourages its people to connect, communicate and collaborate through various platforms enabled by the Company. Your Company has people friendly policies viz., leave, travel, medical etc. which keeps your 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 2758 people 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. Operatives 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. 3,521 million, as compared to Rs. 3,343 million in the previous year. This constituted 3.4% of sales. 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

UBL firmly believes in sustainable development, which is interpreted as growing the business in a socially and environmentally responsible way while meeting the legitimate interests of the stakeholders. Your Company and its employees are committed to the community it works with and the environment it extracts its resources from.

While India is a very large Country with multitude of social issues and concerns, your Company has decided to focus on the communities residing in the vicinity of its breweries as a starting point for its Corporate Social Responsibility (CSR) interventions. The 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 its website www.unitedbreweries.com and is available through the link http://unitedbreweries.com/csr.

Under the Safe Drinking Water programme initiated last year, 35 villages in the states of Karnataka, Telangana, Haryana and Maharashtra around six of our breweries have been covered. Through this initiative, we have been successful in providing safe drinking water to nearly 110,000 individuals. For regions that have been drought prone or have insufficient water, we have invested our efforts in water conservation so as to supplement the efforts of the communities in meeting the basic water requirements.

Your Company aspires to be a water conservative organisation by 2025 and we are constantly working towards achieving this. In addition to implementing rainwater harvesting and watershed management projects in and around our breweries, we also undertake recycling of treated waste water within the breweries. These efforts are not limited to our breweries alone and we make extensive efforts in generating awareness among the communities on the adoption of rainwater harvesting practices and incorporation of the necessary infrastructure. The water conservation efforts are underway in Bihar, Haryana, Karnataka, Kerala, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu and Telangana. By March 2016, we had been successful in recharging 17% of all the freshwater we were consuming. At the end of March 2017, this is at 33%. Our water conservation efforts have resulted in the recharge of over 13,31,220 KL of water per year.

UBL endeavours to improve the education experience and quality for children, especially from the underprivileged sections and the education initiatives are designed for the same. Our breweries across India have adopted neighbouring Government schools and support them in meeting their requirements on a regular basis. In addition to this, we have focussed 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 ten Government Schools in terms of infrastructure as well as teaching-learning experience. In Mysore district of Karnataka, we have established seven, first of their kind, mini science centres in Government schools to promote science education among the children. The education initiatives have benefitted over 11,000 school children.

Accessing primary healthcare forms a substantial portion of a rural household's monthly expenditure and UBL's healthcare initiative is directed towards reducing this economic burden. A majority of our breweries provide primary healthcare to the neighbouring communities in the form of consultations and medicines, free of cost, through a health centre or mobile unit and medical camps. This year we have been able to provide medical care to around 35,000 people.

A detailed Report on various aspects of CSR activities at UBL and the CSR activities undertaken by your Company is included in the Corporate Responsibility Report which is being sent separately. The Business Responsibility Report in the format prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as **Annexure - A**. Annual report on CSR activities in terms of the Companies Act, 2013 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 source of energy. Towards this end your Company has commissioned Photovoltaic Solar System with a capacity of 55.2 KW at Dharuhera brewery. The system consists of 178 solar modules of 310W each. During FY17, the Company generated 80,000 Units of electricity from the solar system. Further, your Company has started utilizing wind power at breweries located at Nelamangala, Mangalore and Nanjangud. Your Company has started receiving Wind Power to the tune of 34,70,000 units from the Installation point. With the wheeling of wind energy, the renewable energy component for these three breweries in Karnataka is 75% of their total power consumption. On account of the shift from conventional sources to renewable energy the Company has achieved carbon foot print reduction to the tune of 3351 tonnes of carbon di-oxide.

Awards

The Company's breweries at Mallepally, Hyderabad bagged the Frost & Sullivan's Sustainability Award in the Leaders Award – Large Business Category and brewery at Taloja, Maharashtra bagged the Frost & Sullivan's Sustainability Award – Certificate of Merit in the Believers Category. The brewery at Rajasthan has been recognised for its contribution through corporate social responsibility by the Alwar District Administration and conferred a Bhama Shah Award for school education initiatives.

Brewery at Palakkad bagged the Excellence Award under medium-large Scale Industries Category. Karnataka State Pollution Control Board Mangalore division has recognised brewery at Mangalore for its "Green Contribution" on the occasion of World Environment day 2016. Brewery at Ludhiana was awarded the environmental award by 'National Green Corps', an NGO working for bio-diversity towards active involvement in tree plantation and converting a 3 acres of waste land into a lush green park used by the nearby residents for walking, jogging and yoga.

OPPORTUNITIES, THREATS, RISKS & CONCERNS

In terms of revenue, beer accounts for around 11% of the Indian alcoholic beverage market. Compared to various international markets, such a low penetration in beer consumption offers an opportunity for substantial growth in the future. Your Company views tremendous opportunity in meeting the ever increasing demand, armed with a consistent expansion programme each year.

The main drivers for the growth of beer consumption in India are:

Young, growing middle class: Apart from being the second most populous country in the world, India has over 50% of its population below the age of 25 and more than 65% below the age of 35. This demographic enters the category through beer.

Base effect: Our current per capita consumption of beer at 2 litres is well below the Global average of around 30 litres and can only grow.

Changing cultural mores: Drinking in bars is "fast becoming part of the social milieu" in urban India, though alcohol consumption (predominantly spirits of various kinds) is still frowned upon in rural India.

In order to cater to new consumers, capture market opportunities, compete with new launches by competitors and in its continuous endeavour to offer new product ranges to its consumers, UBL has added to its portfolio Kingfisher Storm strong beer in the premium segment. Kingfisher Storm which has been launched in the large, profitable markets of Karnataka, Maharashtra and West Bengal, has received an overwhelming response from consumers. Your Company will be launching this brand in other important markets in a phased manner over the next few months.

UBL faces a challenge in the form of consolidation of competition. The world's largest beer maker AB InBev took over its closest rival, SAB Miller, thereby enhancing its combined presence to control nearly a third of the global market.

There are a variety of taxes & levies in each state. These along with price regulation, inadequate market infrastructure and restrictions in interstate movement of beer, pose a great challenge to the industry. Roughly one-fifth of most state government budgets are funded by the alcoholic beverage category. Despite drivers of growth being in place, government intervention in distribution, high taxation, restricted communication and increased cost of raw materials remain some of the negatives faced by the industry.

The threat to sales in some territories in the country arises due to changes in government regulations and the threat of prohibition which stems from constant changes in the political climate in the country. The industry as a whole faces the threat of drought in a few states resulting in severe shortage of water supply.

Prospects

UBL is the leading player in the industry with a market share of about 51%. 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.

Despite many challenges, the Indian market provides a huge opportunity with its extremely low per capita consumption when compared to other countries in the world like China and US which consume 37 litres and 78 litres of beer respectively per person per annum. We believe that favourable demographics, rising disposable incomes, urbanization and rising acceptability of drinking will bring winds of change to the industry. Beer industry is expected to grow at 6% to 8% p.a. for the next few years.

Also, what augurs well for the Indian beer industry is our Country's large population and the fact that over 50% of the population is under 25 years of age. As per industry reports India is expected to overtake China to become the most populous nation in the world by 2025. All this will result in India reaping a huge demographic dividend.

Consumer acceptance of beer has led to innovations, such as new products introductions and the success of brew pubs, selling freshly brewed beer in cities like Bengaluru, Gurgaon and Pune. Growth in premium modern trade and on premise outlets in metropolitan cities has increased the range of availability of products and improved the retail environment. In few States, the Government has issued separate licenses for sale of beer which signals good growth prospects for the industry.

UBL has invested significantly in brand visibility to sustain its "top of mind" recall with 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.

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

Even in a highly competitive scenario, 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 our 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, Operative, 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 risk. 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.

In order to mitigate the risk of water shortages, most of our breweries have implemented ground water recharge. 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 and reutilizing 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 3.4 litres per litre of beer today. This is lower than the world average of about 4 litres. Some of our newer breweries are even 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. Further, the Assurance Committee comprising functional Heads, periodically reviews the identified risks and takes mitigating actions. The Company has formulated a Risk Management Policy and the management 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 Companies Act, 2013, 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 revised 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 Companies Act, 2013 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, 2017 is appended.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under section 186 of the Companies Act, 2013 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 2017-2018.

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.

Additional statutory information

Particulars of Employees & Managerial Remuneration

Information required under sub-section (12) of Section 197 of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company, forms part of this Report. Details of remuneration of managerial personnel as required under sub-section (12) of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 also forms part of this Report.

In terms of first proviso to sub-section (1) of Section 136 of the Companies Act, 2013, the reports and accounts are being sent to the shareholders excluding the aforesaid information. Any shareholder interested in inspection of the documents pertaining to above information or desires a copy thereof may write to the Company Secretary.

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 Companies Act, 2013 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 FY17 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

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 Companies Act, 2013 read with The Companies (Accounts) Rules, 2014 is set out herewith as **Annexure-D** to this Report.

Code of Business Conduct and Ethics

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

Code for Prevention of Insider Trading

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

Directors

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

The Securities and Exchange Board of India vide its order dated January 25, 2017 (the "SEBI Order") has restrained Dr. Vijay Mallya from holding position as Director or Key Managerial Person of any listed company. The Company had received (i) emails dated January 25, 2017, January 27, 2017 and January 30, 2017 from the National Stock Exchange advising it to comply with the SEBI Order and take necessary steps; and (ii) email dated January 27, 2017 from Bombay Stock Exchange seeking an update on the action taken or action proposed to be taken by the Company with respect to the SEBI Order. In compliance, on February 6, 2017, the Independent Directors of the Company resolved not to send notices/agendas relating to the Company's Board meetings and/or other privileged information to Dr. Mallya till such time the SEBI Order remains in force. Subsequently, on February 8, 2017, the Board of Directors took on record the minutes of the meeting of the Independent Directors. Effectively, through these measures, Dr. Mallya was restrained from acting as a Director in the Company, in accordance with the SEBI Order. Further, by a separate communication, Dr. Mallya was requested to step down from the Board with immediate effect until the SEBI Order is stayed or vacated.

As the SEBI Order has not been vacated as on date, Dr. Mallya continues to be restrained from being on the Board of the Company. Pursuant to the decision of the Board at its meeting held on July 4, 2017, the Company has 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.

SEBI has issued a letter dated August 4, 2017 to the Company observing that Vijay Mallya has still been disclosed as Non-Executive Director and Chairman of United Breweries Limited (UBL) on the BSE Website and advised the Company to provide information on (a) Whether Vijay Mallya has acted/is acting as Director of UBL from the date of passing of SEBI Order, and (b) Steps taken by UBL to comply with the SEBI Order with respect to directions of restraining Vijay Mallya from holding any position as director in any listed company. The steps taken by the Company have been communicated to SEBI on August 10, 2017.

Further, the Board has also unanimously resolved and authorized filing of statutory forms/intimations to applicable statutory authorities under the Companies Act, 2013, and other relevant statutes notifying Dr. Mallya's cessation from holding the position of Director in the Company.

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, two meetings of Independent Directors were convened on May 30, 2016 and February 06, 2017. All Independent Directors have given a declaration that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013.

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 FY17, six (6) Board Meetings were held. Other details including composition of the Board and various Committees and Meetings thereof held in FY17 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 Companies Act, 2013 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 a 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 Companies Act, 2013 and Listing Regulations. The composition of the Nomination and Remuneration Committee, its terms of reference, roles and details of meetings convened and held during the year under review is given in the Corporate Governance Report forming a part of this Report.

Performance Evaluation of Directors

Performance evaluation of non-Independent Directors, Independent Directors, Chairman, the Board as a whole and Committees of the Board was carried out in accordance with the statutory provisions as contained in the Act and Listing Regulations. Responses from individual Directors were submitted through an electronic platform and were kept confidential.

To ensure an effective Board evaluation process, the Nomination and Remuneration Committee (NRC) has put in place a robust evaluation framework for conducting the exercise with key steps and practices defined clearly. As part of this process, customized questionnaires, were circulated to all Directors of the Company. Each Director was required to undertake self-assessment and assessment of the Chairman. Additionally, the effectiveness of the Board and Committees was also evaluated by each member of the Board.

Performance of the Board was evaluated on various parameters such as composition, strategy, tone at the top, risk and controls and diversity. Similarly a questionnaire for Committees was 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. Chairman was evaluated on parameters, such as leadership style and motivation of Directors.

In order to maintain confidentiality of the entire process, a summary of responses received from non-Independent Directors were placed and discussed at a meeting of Independent Directors. Further, responses received from Independent Directors were placed before the Board. Recommendations arising from this entire process were considered to improve its overall effectiveness.

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 also lays down criteria for appointment of Directors and the remuneration of Directors/Key Managerial Personnel. The Policy is posted on the website of the Company www.unitedbreweries.com and is available through the link http://unitedbreweries.com/pdf/policyandcodes/Directors%20Performance%20Evaluation%20Policy.pdf. Criteria for making payment to non-executive Directors is placed on the website of the Company www.unitedbreweries.com.

Foreign Exchange Earnings and Outgo

During FY17 total foreign exchange earnings of the Company stood at Rs.48 million (Previous Year: Rs.44 Lakhs) and foreign exchange outgo stood at Rs.1,488 million (Previous Year: Rs.1,882 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 Companies Act, 2013 and Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 is annexed as **Annexure-E** to this Report.

Auditors and the Auditor's Report

In terms of the provisions contained in the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Messrs S.R. Batliboi & Associates LLP, Chartered Accountants were appointed Statutory Auditors of UBL at the 15th Annual General Meeting held on September 04, 2014 for a period of three years i.e. from the conclusion of 15th Annual General Meeting till the conclusion of 18th Annual General Meeting. The Auditors hold office till conclusion of the ensuing AGM and it is proposed to re-appoint them for another term of five years under the provisions of the Companies Act, 2013 and Rules framed thereunder. The Auditors have given their consent for re-appointment and have also confirmed that their re-appointment, if made, would be within the limits prescribed under the Companies Act, 2013. Their appointment in the office of Statutory Auditors during the said period shall be subject to ratification by Members at every Annual General Meeting.

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

Secretarial Audit

Pursuant to the Section 204 of the Companies Act, 2013 and Rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sudhir Hulyalkar, Company Secretaries, to undertake Secretarial Audit of the Company for the FY17. The Secretarial Audit Report forms part of this Report and is annexed as **Annexure - F.**

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

Details of Significant and Material Orders

Save and except the following, no order has been passed or stringent action taken by any regulator or court or tribunal impacting the going concern status of the Company. The Company has complied with the requirements of the regulators on matters related to stakeholders, as applicable.

(i) It is in public domain that United Breweries (Holdings) Limited (UBHL), a promoter of your Company which holds 10.72% equity has been ordered to be wound up by Hon'ble Karnataka High Court Order vide dated February 07, 2017. UBHL has since filed an appeal against the said Winding-up Order which is pending.

(ii) In connection with the proceedings under the Prevention of Money Laundering Act, 2002 against Kingfisher Airlines Limited (KFA) and Dr. Vijay Mallya in the capacity of Principal Officer of KFA, it is reported in news-media that the Enforcement Directorate has attached Equity Shares held by certain promoter entities of your Company which are controlled by Dr. Vijay Mallya, directly or indirectly. However, your Company has not received any communication from the Enforcement Directorate in this matter.

(iii) The State Government of Bihar had imposed a ban on sale and consumption of alcoholic beverages in the State and permitted manufacture of alcoholic beverages for export out of the State effective April 05, 2016. The notification of Bihar Government imposing ban was struck down by Patna High Court. The State Government of Bihar has challenged such decision 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.

(iv) Allowing a Special Leave Petition seeking ban on sale of liquor on National and State Highways (the Highways), the Hon'ble Supreme Court has directed to shut all liquor shops, hotels, restaurants, bars, etc. on the Highways and within a distance of 500 or 220 meters from the Highways, as applicable. The Court has directed the States not to renew liquor licences after April 01, 2017.

The orders/proceedings mentioned in (i) & (ii) above do not have any impact on going concern status of the Company. Impact of (iii) & (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 Companies Act, 2013, the Board of Directors report that:

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

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

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

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

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

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

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, 2017	Managing Director	Director & CFO
Mumbai	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. Sijbe Hiemstra
Mr. Frans Erik Eusman

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

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

Corporate Social Responsibility Committee

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

Borrowing Committee

Mr. Chhaganlal Jain	Chairman
Mr. Steven Bosch	Member
Mr. A K Ravi Nedungadi	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: **Dr. Vijay Mallya**

The Securities and Exchange Board of India vide its order dated January 25, 2017 (the "SEBI Order") has restrained Dr. Vijay Mallya from holding position as Director or Key Managerial Person of any listed company. The Company had received (i) emails dated January 25, 2017, January 27, 2017 and January 30, 2017 from the National Stock Exchange advising it to comply with the SEBI Order and take necessary steps; and (ii) email dated January 27, 2017 from Bombay Stock Exchange seeking an update on the action taken or action proposed to be taken by the Company with respect to the SEBI Order. In compliance, on February 06, 2017, the Independent Directors of the Company resolved not to send notices/agendas relating to the Company's Board meetings and/or other privileged information to Dr. Mallya till such time the SEBI Order remains in force. Subsequently, on February 08, 2017, the Board of Directors took on record the minutes of the meeting of the Independent Directors. Effectively, through these measures, Dr. Mallya was restrained from acting as a Director in the Company, in accordance with the SEBI Order. Further, by a separate communication, Dr. Mallya was requested to step down from the Board with immediate effect until the SEBI Order is stayed or vacated.

As the SEBI Order has not been vacated as on date, Dr. Mallya continues to be restrained from being on the Board of the Company. Pursuant to the decision of the Board at its meeting held on July 04, 2017, the Company has communicated on July 06, 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.

SEBI has issued a letter dated August 04, 2017 to the Company observing that Vijay Mallya has still been disclosed as Non-Executive Director and Chairman of United Breweries Limited (UBL) on the BSE Website and advised the Company to provide information on (a) Whether Vijay Mallya has acted/ is acting as Director of UBL from the date of passing of SEBI Order, and (b) Steps taken by UBL to comply with the SEBI Order with respect to directions of restraining Vijay Mallya from holding any position as director in any listed company. The steps taken by the Company have been communicated to SEBI on August 10, 2017.

Further, the Board has also unanimously resolved and authorized filing of statutory forms/intimations to applicable statutory authorities under the Companies Act, 2013, and other relevant statutes notifying Dr. Mallya's cessation from holding the position of Director in the Company.

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

Brief resume	Other Directorships & Committee Memberships in India
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 is appointed to the board of UBL effective September 01, 2016.	**Other Boards** - Maltex Malsters Limited
Mr. A K Ravi Nedungadi (Din: 00103214) A trained Chartered and Cost Accountant, Mr Nedungadi joined the United Breweries Group in 1990 as the Corporate Treasurer. Within two years, he became the Group Finance Director of the Group's International business managing the businesses of UB International Ltd., which comprised the paint giant Berger Jenson and Nicholson having operations spanning 27 countries. He played a lead role in listing the Berger Group Companies on various international Stock Exchanges including the London and Singapore bourses. Since his appointment as the President and Group CFO in 1998, he led the way to sharpening the focus of the Group, which had a conglomerate approach, on areas of competence and global reach. This saw the Group focus on clearly defined verticals each area presenting clear leadership within India and global significance. He played a key role in a number of corporate actions including domestic and international acquisitions, mergers, etc. leading to a manifold increase in the market capitalization of the Group. Mr Nedungadi is the recipient of many awards of excellence, including Udyog Ratan Award, IMA's CFO of the Year, CNBC TV 18's – CFO of the Year – M&A, etc. Memberships in esteemed organizations like Who's Who of Professionals only reinforce the above testimonials. Further, he is on the Board of several companies, both in India and overseas. Mr Nedungadi has been on the Board of UBL since August 09, 2002.	**Other Boards** - Sanofi India Limited - Bayer CropScience Limited **Audit Committee** - Sanofi India Limited - Bayer CropScience Limited **Stakeholders Relationship Committee** - Sanofi India Limited - Bayer CropScience Limited (Chairman)

Brief resume	Other Directorships & Committee Memberships in India
Mr. Sijbe Hiemstra (Din: 00442940) Mr. Sijbe Hiemstra has Bachelor's degree in Business Administration at the School of Higher Economic Studies, Rotterdam and has attended various International Management programmes. Mr. Hiemstra joined Heineken in 1978. The first six years he worked with Gedistilleerd en Wijngroep Nederland. He started in various commercial and logistic projects, culminating in Product, Brand and Category Manager. In 1985 he was appointed Export Manager Softdrinks with Heineken Export Department/ Vrumona. In 1989 Mr. Hiemstra started his overseas career as Country Manager of Heineken Export in Seoul, South Korea. This was followed by several years as Commercial Manager with South Pacific Holdings in Papua New Guinea and as General Manager of Brasseries de Bourbon in ILLe de La Reunion. In 1995 he returned to the Netherlands to take up the position of Deputy Director Central Africa for Heineken's Africa/Middle East Cluster. In 1998 he was appointed Regional Director SEA/Oceania with Asia Pacific Breweries Ltd in Singapore. In 2001 he became Director of Heineken Technical Services in Zoeterwoude. In October 2005 he was appointed Regional President, Heineken Asia Pacific based in Singapore. In 2011, he assumed the role of President – Africa and Middle East and thereafter retired in September 01, 2015. Mr. Hiemstra has been appointed on the Board of UBL effective July 23, 2015.	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 appointed on the Board of UBL effective August 01, 2015.	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)

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<tr><th>Brief resume</th><th>Other Directorships & Committee Memberships in India</th></tr>
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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.

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Other Boards
- Maya Entertainment Limited
- Shriram Pistons & Rings Limited
- Aptech Limited
- Franchising Association of India
- Renfro India Private Limited

Audit Committees
- Aptech Limited (Chairman)
- Shriram Pistons & Rings Limited

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<tr><td>

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, Advisory Board of the Jawaharlal Darda Institute of Engineering and Technology, Yavatmal, Advisory Board of Setco Automotive Ltd., Mumbai 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.

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Other Boards
- GATI Limited
- Indofil Industries Limited
- GATI Import Export Trading Limited
- SKA Advisors Private Limited
- Prasar Bharati

Stakeholders' Relationship Committee
- Indofil Industries Limited
- GATI Limited (Chairman)

Audit Committee
- Indofil Industries Limited

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<tr><th>Brief resume</th><th>Other Directorships & Committee Memberships in India</th></tr>
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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 is conferred with the Highest French Distinction - Chevalier de l'Ordre national de la Légion d'Honneur (Knight of the Legion of Honour). Most recently, she was bestowed with Advancing Women in Science (AWSM) Award for Excellence in 2017 by The Feinstein Institute for Medical Research, USA. 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. She has featured amongst the Top 10 global influencers in the UK-based 'Global Medicine Maker Power List' consecutively for the third time since 2015.

At home, Ms. Mazumdar-Shaw has been awarded with the Padma Shri and Padma Bhushan, the most coveted Civilian National Awards of India.

She pioneered the setting up of Association of Biotech Led Enterprises (ABLE), which has been instrumental in bringing government, industry and academia together to charter a clear and progressive growth path for biotechnology in India. As founder member of Karnataka's Vision Group on Biotechnology, she 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 also an Independent Member of the Board of Infosys, a global leader in consulting, technology and outsourcing solutions. She is also the Chairperson of the Board of Governors of the Indian Institute of Management, Bangalore.

Ms. Mazumdar-Shaw has been on the Board of UBL since October 26, 2009.

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Other Boards

- Biocon Limited
- Syngene International Limited
- Biocon Research Limited
- Narayana Institute for Advanced Research Private Limited
- Narayana Hrudayalaya Limited
- Biocon Academy
- Mazumdar Shaw Medical Foundation
- Infosys Limited
- Biocon Pharma Limited
- Narayana Vaishno Devi Speciality Hospitals Private Limited
- Biocon Biologics India Limited
- Invest Karnataka Forum

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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.

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Other Boards

- New Horizon Financial Research Private Limited
- New Horizon Wealth Management Private Limited

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Brief resume	Other Directorships & Committee Memberships in India
He is credited to have been amongst the first institutional investors in many small companies which have gone on to become some of India's leading names. He has been featured on several TV shows including "CNBC's wizards of Dalal Street", Indianomics, the Karan Thapar Show etc. and has been invited to speak at many business schools such as the Indian Institute of Management and by many organisations such as the Confederation of India Industries (CII), Goldman Sachs etc. He currently serves as director on the board of New Horizon Opportunities Master Fund (NHOF). Based on the information in public domain, NHOF has been the best performing India fund in the world over the past 8 years. Mr. Bhatkuly has been on the Board of UBL since October 26, 2009.	
Mr. Stephan Gerlich (Din: 00063222) In April 2014, Mr. Stephan Gerlich assumed the role as CEO of Bayer de Mexico and spokesperson of the Bayer Group in Mexico. Formerly, in his assignment in India, Mr. Gerlich was the Country Group Speaker for the Bayer Group in India. Mr. Gerlich started his career with Bayer AG in Germany in 1978 and shortly later moved to a subsidiary in France. After 3 years in France, he joined the Bayer operations in Mexico. In 1994, he took over as Director Sales & Marketing and Key Account Manager in Bayer France. In 1995, he became President / CEO of the Bayer / Hoechst Joint Venture, Dystar, in Mexico. In 2000, he became Vice President in charge of Sales in US & Canada for Dystar, based in North Carolina. Mr. Gerlich 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	2	4 (Chairman of 1 Committee)	1
Mr. Sijbe Hiemstra	NIL	NIL	NIL
Mr. Frans Erik Eusman	NIL	NIL	NIL
Mr. Chhaganlal Jain	5	3 (Chairman of 3 Committees)	4
Mr. Chugh Yoginder Pal	5	2 (Chairman of 1 Committee)	5
Mr. Sunil Alagh	5	3 (Chairman of 1 Committee)	2
Ms. Kiran Mazumdar Shaw	12	NIL	5
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 a Director in 2 Companies in India. Mr. A K Ravi Nedungadi is also on the Board of 1 Overseas Company.
d) Mr. Sijbe Hiemstra is on the Board of 2 Overseas Companies.
e) Mr. Frans Erik Eusman is on the Board of 22 Overseas Companies.
f) Out of 5 other Companies in which Mr. Chhaganlal Jain is a Director, 2 are Private Limited Companies.
g) Out of 5 other Companies in which Mr. Chugh Yoginder Pal is a Director, 1 is a Private Limited Company and 1 is a Section 8 Company under the Companies Act, 2013.
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, 4 are Private Limited Companies and 1 is a Section 8 Company 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, 2017, six (6) Board Meetings were held on May 13, 2016, June 15, 2016, July 18, 2016, August 12, 2016, November 04, 2016 and February 08, 2017.

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 07.09.2016
Dr. Vijay Mallya #	Chairman (NE)	6	5	—
Mr. Shekhar Ramamurthy	Managing Director	6	6	Yes
Mr. Steven Bosch *	Director (CFO)	6	2	Yes
Mr. Henricus Petrus van Zon *	Director (CFO)	6	4	—
Mr. A K Ravi Nedungadi	Director (NE)	6	5	Yes
Mr. Sijbe Hiemstra	Director (NE)	6	5	Yes
Mr. Frans Erik Eusman	Director (NE)	6	6	Yes
Mr. Chhaganlal Jain	Director (NE, IND)	6	5	Yes
Mr. Chugh Yoginder Pal	Director (NE, IND)	6	6	Yes
Mr. Sunil Alagh	Director (NE, IND)	6	6	Yes
Ms. Kiran Mazumdar Shaw	Director (NE, IND)	6	3	Yes
Mr. Madhav Bhatkuly	Director (NE, IND)	6	6	Yes
Mr. Stephan Gerlich	Director (NE, IND)	6	5	—

Notes: NE – Non Executive, IND – Independent, CFO – Chief Financial Officer
* Mr. Steven Bosch replaced Mr. Henricus Petrus van Zon w.e.f. September 01, 2016.
# Refer Note in Page 33.

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, 2017, eight (8) Audit Committee Meetings were held on May 13, 2016, June 22, 2016, July 18, 2016 (adjourned meeting), August 12, 2016, November 04, 2016, January 12, 2017, February 08, 2017 and March 17, 2017.

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	8	8
Mr. Chhaganlal Jain	MEMBER	8	8
Mr. Sunil Alagh	MEMBER	8	7

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 (formerly Integrated Enterprises (India) 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, 2017 the Committee met five (5) times on April 16, 2016, June 22, 2016, July 20, 2016, November 03, 2016 and February 08, 2017 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	5	5
Mr. Shekhar Ramamurthy	MEMBER	5	5
Mr. Steven Bosch *	MEMBER	5	2
Mr. Henricus Petrus van Zon *	MEMBER	5	3

* Mr. Steven Bosch replaced Mr. Henricus Petrus van Zon w.e.f. September 01, 2016.

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 01-04-2016 to 31-03-2017 (These complaints pertained mainly to non-receipt of Share Certificates upon transfer, non-receipt of Annual Report, non-receipt of Dividend, etc.)	17
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, 2017, two (2) Meetings of Stakeholders Relationship Committee were held on August 12, 2016 and February 08, 2017 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 and constantly endeavours to be a good corporate.

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

During the financial year ended March 31, 2017, one (1) Meeting of Corporate Social Responsibility Committee was held on September 07, 2016 which was attended by Mr. Shekhar Ramamurthy, Mr. Steven Bosch, Mr. Madhav Bhatkuly 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 Mr. Shekhar Ramamurthy, Mr. Steven Bosch, Mr. Chhaganlal Jain, Mr. Chugh Yoginder Pal, Ms. Kiran Mazumdar Shaw and Mr. Madhav Bhatkuly as Members.

During the financial year ended March 31, 2017, two (2) Meetings Risk Management Committee Meetings were held on June 22, 2016 and March 27, 2017.

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
Dr. Vijay Mallya #	CHAIRMAN	2	1
Mr. Shekhar Ramamurthy	MEMBER	2	2
Mr. Steven Bosch *	MEMBER	2	1
Mr. Henricus Petrus van Zon *	MEMBER	2	1
Mr. Chhaganlal Jain	MEMBER	2	2
Mr. Chugh Yoginder Pal	MEMBER	2	2
Ms. Kiran Mazumdar Shaw	MEMBER	2	1
Mr. Madhav Bhatkuly	MEMBER	2	1

* Mr. Steven Bosch replaced Mr. Henricus Petrus van Zon w.e.f. September 01, 2016.

With respect to committee membership of Dr. Vijay Mallya in Corporate Social Responsibility Committee and Risk Management Committee, please refer Note in Page 33.

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, 2017, two (2) Meetings of Borrowing Committee were held on June 22, 2016 and November 03, 2016.

Attendance at Borrowing Committee Meetings

Names of the Directors	Category	Number of Borrowing Committee Meetings held	Number of Borrowing Committee Meetings attended
Mr. Chhaganlal Jain	CHAIRMAN	2	2
Mr. Steven Bosch *	MEMBER	2	1
Mr. Henricus Petrus van Zon *	MEMBER	2	1
Mr. A K Ravi Nedungadi	MEMBER	2	2
Ms. Kiran Mazumdar Shaw	MEMBER	2	2

* Mr. Steven Bosch replaced Mr. Henricus Petrus van Zon w.e.f. September 01, 2016.

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, 2017, five (5) Meetings of Nomination and Remuneration Committee were held on June 15, 2016, July 08, 2016, August 12, 2016, September 07, 2016 and October 28, 2016.

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	5	5
Mr. A K Ravi Nedungadi	MEMBER	5	4
Mr. Frans Erik Eusman	MEMBER	5	4
Mr. Chhaganlal Jain	MEMBER	5	5
Mr. Chugh Yoginder Pal	MEMBER	5	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.

For the financial year ended March 31, 2017, Mr. Shekhar Ramamurthy, (Managing Director), Mr. Henricus Petrus van Zon, (Director & CFO till August 31, 2016) and Mr. Steven Bosch, (Director & CFO effective September 01, 2016) were paid remuneration as under:

(Rupees)

Name	Salary & Allowance	Perquisites	Retiral Benefits
Mr. Shekhar Ramamurthy	5,83,64,673	1,46,20,676	1,02,12,394
Mr. Henricus Petrus van Zon (April 01, 2016 to August 31, 2016)	3,93,69,395	26,23,264	28,35,595
Mr. Steven Bosch (September 01, 2016 to March 31, 2017)	1,71,79,176	58,98,711	9,36,174

Mr. Henricus Petrus van Zon resigned from the Board as Director & CFO with effect from August 31, 2016. Mr. Steven Bosch was appointed as Director & CFO of the Company with effect from September 01, 2016 for a period of three years. The remuneration details of Mr. Henricus Petrus van Zon and Mr. Steven Bosch reflects remuneration paid for part of the year only.

Sitting fees to Directors during 2016-2017

Sl. No.	Name of the Director	Sitting Fees paid (Rupees)*
1.	Dr. Vijay Mallya @	5,50,000/-
2.	Mr. A K Ravi Nedungadi	10,50,000/-
3.	Mr. Sijbe Hiemstra	5,00,000/-
4.	Mr. Frans Erik Eusman	8,00,000/-
5.	Mr. Chhaganlal Jain	18,50,000/-
6.	Mr. Chugh Yoginder Pal	18,00,000/-
7.	Mr. Sunil Alagh	18,00,000/-
8.	Ms. Kiran Mazumdar Shaw	5,00,000/-
9.	Mr. Madhav Bhatkuly	8,00,000/-
10.	Mr. Stephan Gerlich	4,50,000/-
	TOTAL	**1,01,00,000/-**

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

@ Sitting fees to Dr. Vijay Mallya is only upto the Board Meeting held on November 4, 2016 i.e., prior to the date of SEBI order dated January 25, 2017 (Refer Note in Page 33).

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 2016-2017

Sl. No.	Name of the Director	Commission (Rupees)**
1.	Dr. Vijay Mallya @	73,85,694
2.	Mr. A K Ravi Nedungadi	31,86,470
3.	Mr. Chhaganlal Jain	31,86,470
4.	Mr. Chugh Yoginder Pal	31,86,470
5.	Mr. Sunil Alagh	31,86,470
6.	Ms. Kiran Mazumdar Shaw	31,86,470
7.	Mr. Madhav Bhatkuly	31,86,470
8.	Mr. Stephan Gerlich	31,86,470

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

@ Pursuant to the notice received from the Income Tax department, the Company has withheld payments to Dr. Vijay Mallya effective March 2016. For more details please refer point No. 7 under "Disclosures" in this Report. Commission to Dr. Vijay Mallya for the financial year 2016-17 is calculated on pro-rata basis upto January 25, 2017, i.e., the date of SEBI order (Refer Note in Page 33).

Independent Directors

The Independent Directors mentioned below 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, 2017, two (2) Meetings of Independent Directors were held on May 30, 2016, and February 06, 2017.

Attendance at Independent Directors Meetings

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

SHAREHOLDERS' INFORMATION

General Body Meetings

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

Date	Time	Venue	Special Resolutions Passed
September 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
September 04, 2014	11.30 a.m.	Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bengaluru - 560 025.	Three

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

Postal Ballot

The Company had not conducted any Postal Ballot during the year and there is no resolution proposed to be passed by postal ballot at the ensuing Annual General Meeting.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of resolution through postal ballot.

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, 2017 will be paid on or before October 22, 2017 to the Members whose names appear:

i. as Beneficial Owners as at the close of the business hours on Saturday, September 16, 2017 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 Saturday, September 23, 2017 after giving effect to all valid Share transfers in physical form which are lodged with the Company on or before Saturday, September 16, 2017.

Unclaimed Dividend

The unclaimed Dividend for the financial year ended March 31, 2010 will be due for transfer to the Investor Education and Protection Fund (IEPF) on September 26, 2017 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 has dematerialized these Equity Shares in a demat account with National Securities Depository Limited. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Details relating to unclaimed Equity Shares as on March 31, 2017 as required under the Schedule V (F) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is given hereunder:

No. of Shareholders holding unclaimed shares as on 01.04.2016	No. of unclaimed shares as on 01.04.2016	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 31.03.2017	Balance unclaimed shares as on 31.03.2017	Voting Rights Frozen (%)
7877	1335832	61	28850	7816	1306982	0.49

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 form part of the Directors' Report.
2. During the financial year ended March 31, 2017, 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) has prohibited the Company from making any payments in the nature of salary, remuneration, allowances, etc. to Dr. Vijay Mallya. The TRO-TDS has 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 has 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 which holds 10.72% equity has been ordered to be wound up by Hon'ble Karnataka High Court vide Order dated February 07, 2017. UBHL has since filed an appeal against the said Winding-up Order which is pending.

10. In connection with the proceedings under the Prevention of Money Laundering Act, 2002 against Kingfisher Airlines Limited (KFA) and Dr. Vijay Mallya in the capacity of Principal Officer of KFA, it is reported in news-media that the Enforcement Directorate has attached Equity Shares held by certain promoter entities of your Company which are controlled by Dr. Vijay Mallya, directly or indirectly. However, your Company has not received any communication from the Enforcement Directorate in this matter.

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 52 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 17, 2017
Cut-off-Date for ascertaining shareholders entitled for Notice	August 21, 2017
Posting of Annual Report	August 29, 2017
Cut-off-Date for determining the eligibility to vote by remote e-voting system and at the AGM	September 16, 2017 (close of business hours)
Book Closure dates	September 17, 2017 to September 23, 2017 (both days inclusive)
Last date for receiving proxy	September 21, 2017, at 11.00 a.m.
Remote E-voting starting date and time	September 20, 2017, at 9.00 a.m.
Remote E-voting closure date and time	September 22, 2017, at 5.00 p.m.
Date of Annual General Meeting	September 23, 2017
Time	11.00 a.m.
Venue	Level 1, UB City, #24, Vittal Mallya Road, Bengaluru - 560 001.
Dividend payment date	October 22, 2017

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 18th 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 2017-2018. 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

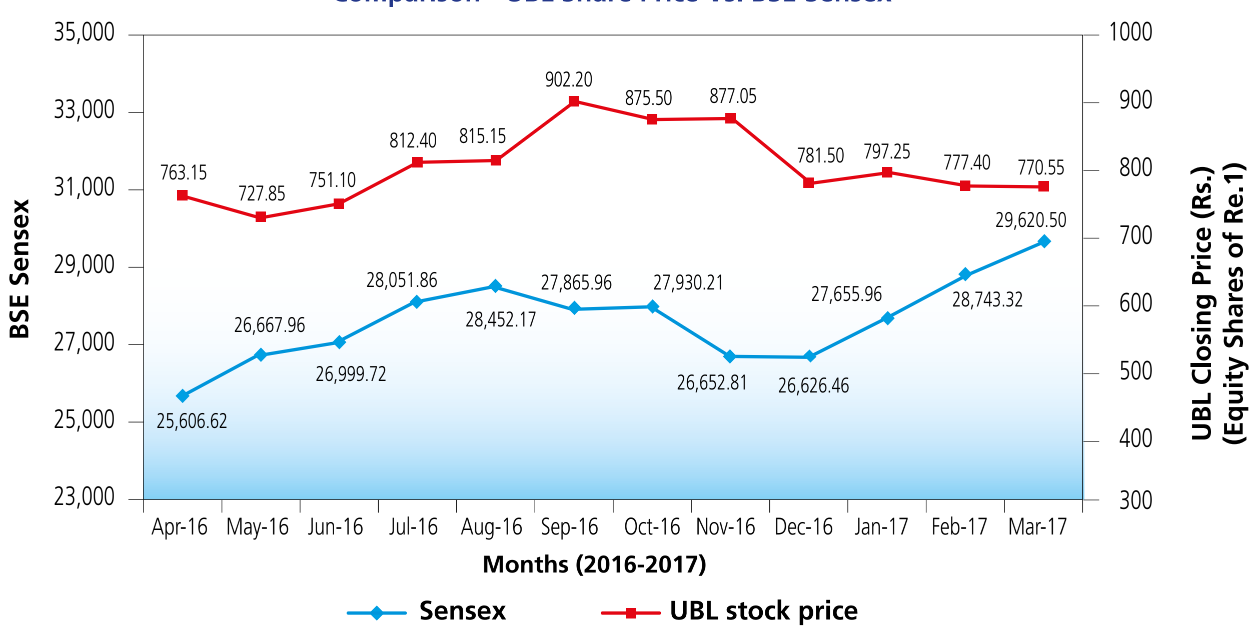
Market price data of the Company's Equity Shares traded on the BSE Limited (BSE), during the period April 2016 to March 2017.

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Sensex – Close
April, 2016	841.95	734.05	763.15	25,606.62
May, 2016	803.00	690.00	727.85	26,667.96
June, 2016	775.90	703.05	751.10	26,999.72
July, 2016	839.00	747.30	812.40	28,051.86
August, 2016	847.15	771.40	815.15	28,452.17
September, 2016	932.00	806.05	902.20	27,865.96
October, 2016	975.50	864.90	875.50	27,930.21
November, 2016	924.00	826.10	877.05	26,652.81
December, 2016	911.00	743.70	781.50	26,626.46
January, 2017	847.00	772.20	797.25	27,655.96
February, 2017	847.90	772.00	777.40	28,743.32
March, 2017	798.00	762.00	770.55	29,620.50

(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:

Comparison - UBL Share Price Vs. BSE Sensex



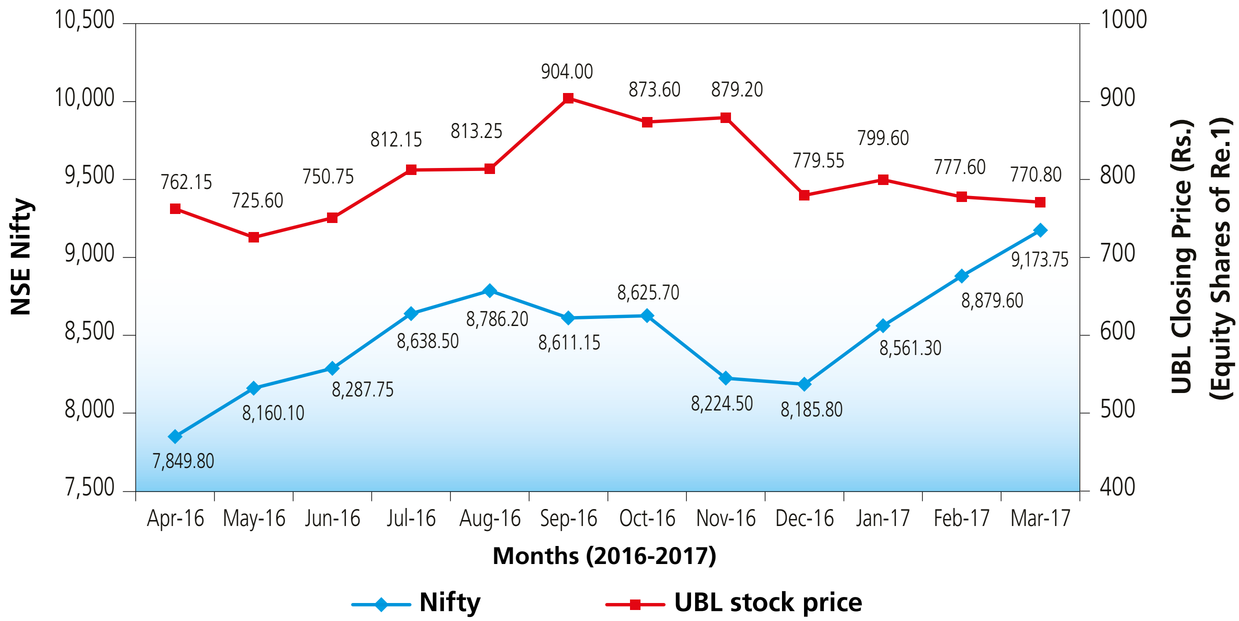
Market price data of the Company's Equity Shares traded on the National Stock Exchange of India Limited, (NSE) during the period April 2016 to March 2017.

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	Nifty – Close
April, 2016	842.00	730.30	762.15	7,849.80
May, 2016	805.00	690.00	725.60	8,160.10
June, 2016	774.00	702.80	750.75	8,287.75
July, 2016	839.30	748.50	812.15	8,638.50
August, 2016	847.40	770.55	813.25	8,786.20
September, 2016	932.50	801.00	904.00	8,611.15
October, 2016	977.45	863.10	873.60	8,625.70
November, 2016	913.75	826.55	879.20	8,224.50
December, 2016	879.20	743.00	779.55	8,185.80
January, 2017	846.90	771.70	799.60	8,561.30
February, 2017	845.00	773.10	777.60	8,879.60
March, 2017	798.00	763.70	770.80	9,173.75

(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.

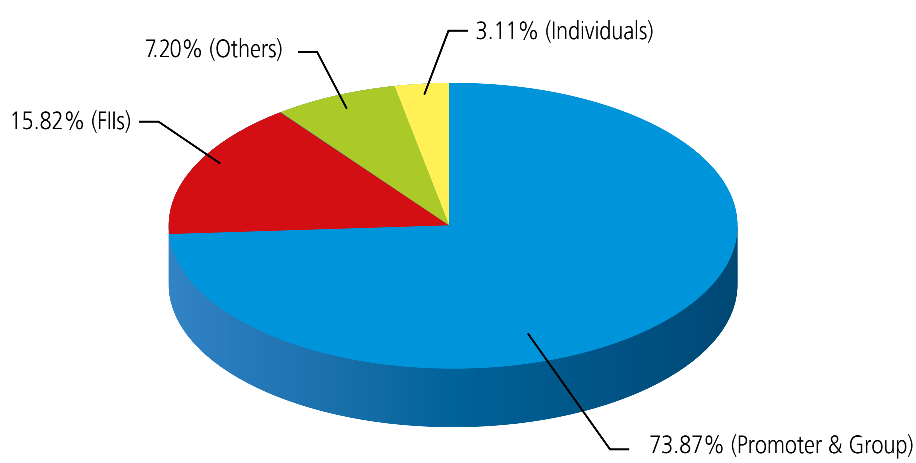
The distribution of shareholding as on March 31, 2017 is furnished below:

Category (Rs.)	No. of Shareholders	% (Percentage)	No. of Shares held	% (Percentage)
Up to 5000	33,528	98.98	7,043,437	2.66
5001 – 10000	116	0.34	866,765	0.33
10001 – 20000	61	0.18	890,358	0.34
20001 – 30000	25	0.07	607,585	0.23
30001 – 40000	13	0.04	456,754	0.17
40001 – 50000	9	0.03	409,559	0.16
50001 - 100000	30	0.09	2,194,188	0.83
100001 and Above	93	0.27	251,936,503	95.28
TOTAL	33,875	100	264,405,149	100.00

Shareholding Pattern as on March 31, 2017

Category	No. of Shares held	Percentage of Shareholding
Promoters		
Indian	79,288,930	29.99
Foreign	116,032,613	43.88
Sub-Total	**195,321,543**	**73.87**
Foreign Institutional Investors (FIIs)	**41,843,729**	**15.82**
Individuals	**8,225,735**	**3.11**
Others		
Mutual Funds	11,471,343	4.34
Banks / Financial Institution	491,739	0.19
Central / State Governments	242,256	0.09
Insurance Companies	—	—
Bodies Corporate	5,638,009	2.13
Trust	255,461	0.10
NRI	431,973	0.16
Clearing Members	414,481	0.16
Overseas Corporate Bodies	1,880	0.00
Qualified Foreign Investors	67,000	0.03
Sub-Total	**19,014,142**	**7.20**
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, 2017		As on March 31, 2016	
		No. of Shares	% of Total	No. of Shares	% of Total
Promoters					
1.	Dr. Vijay Mallya (singly & jointly)	2,13,53,620	8.08	2,13,53,620	8.08
2.	United Breweries (Holdings) Limited	2,83,37,911	10.72	2,83,37,911	10.72
3.	Mallya Private Limited	97,86,666	3.70	97,86,666	3.70
4.	McDowell Holdings Limited	62,22,344	2.35	81,22,344	3.07
5.	Kamsco Industries Limited	55,23,636	2.09	55,23,636	2.09
6.	The Gem Investment & Trading Company Private Limited	43,15,132	1.63	43,15,132	1.63
7.	Pharma Trading Company Private Limited	15,14,366	0.57	15,14,366	0.57
8.	Devi Investments Private Limited	18,59,300	0.70	18,59,300	0.70
9.	UB Overseas Limited	4,27,740	0.16	4,27,740	0.16
10.	Vittal Investments Private Limited	3,75,955	0.14	3,75,955	0.14
11.	Scottish & Newcastle India Limited	89,994,960	34.04	89,994,960	34.04
12.	Heineken International BV	1,71,20,643	6.48	1,52,65,858	5.77
13.	Heineken UK Limited	84,89,270	3.21	84,89,270	3.21
	Total	**19,53,21,543**	**73.87**	**19,53,66,758**	**73.89**
Directors & Key Managerial Personnel					
1.	Mr. Shekhar Ramamurthy	1,150	0.0004	1,150	0.0004
2.	Mr. Sunil Alagh	1,000	0.0003	Nil	0.0003
3.	Mr. Govind Iyengar	Nil	Nil	Nil	Nil

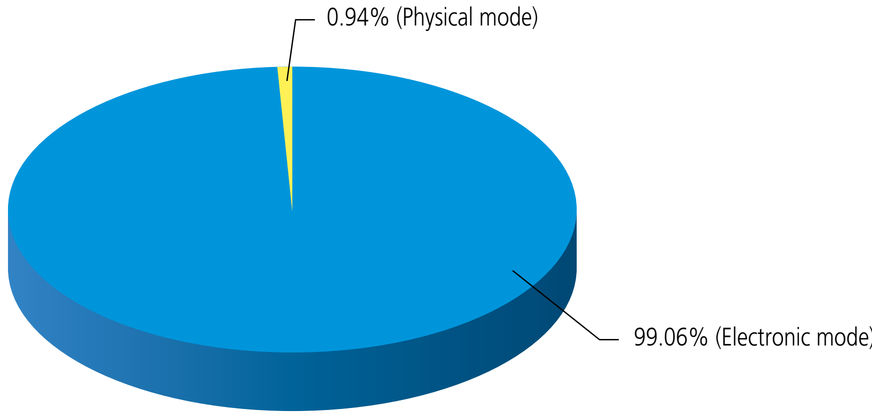
Note: As per confirmation received from Registrars and Share Transfer Agent.

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. The status of Dematerialization of the Company's Shares as on March 31, 2017 is as under:

Mode	No. of Shares	% age	No. of Shareholders
Physical mode	2,497,048	0.94	10,325
Electronic mode	261,908,101	99.06	23,550
TOTAL	**264,405,149**	**100.00**	**33,875**

Shares held in physical and demat form as on March 31, 2017



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
(FORMERLY INTEGRATED ENTERPRISES (INDIA) 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-G** to this Report.

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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, 2017, 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 Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility 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 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, 2017, 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 decision made by the Bihar State Government for not renewing brewery license from the financial year 2017-18 and the uncertainty relating to the outcome of special leave petition filed by the Bihar State Government before the Honourable Supreme Court of India. 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 Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 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;

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

      iv. The Company has not provided certain requisite disclosure in the standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Consequently, we are unable to obtain sufficient and appropriate audit evidence to report whether such disclosure is in accordance with books of account maintained by the Company and as produced to us by the management – Refer Note 10 to the standalone Ind AS financial statements.

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

per Mahendra Jain
Partner
Membership Number: 205839

Place of signature: Bengaluru
Date: May 17, 2017

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, 2017, 4 immovable properties aggregating to 181.63 acres (with gross book value of Rs. 1,754 Lakhs) for which title deeds are held in the name of erstwhile merged entities and 1 immovable property aggregating to 14.39 acres (with gross book value of Rs. 1,590 Lakhs) for which title deed is held in the name of transferor and is pending to be registered in the name of the Company.

(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.

(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, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been serious delays in a large number of cases in deposit of service tax dues on government services.

(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, duty of custom, 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.

Independent Auditor's Report contd.

(c) According to the records of the Company, the dues outstanding of income tax, sales-tax, service tax, duty of custom, 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	14,613	1,633	FY 2002-03 and 2011-12	Commissioner of Income Tax (Appeals)
		4,850	—	FY 2012-13	Dispute Resolution Panel
		2,678	713	FY 2002-03 to 2009-10	Income Tax Appellate Tribunal
		2,445	458	FY 2001-02 to 2009-10	High Court of Madras
		2,159	219	FY 2003-04 to 2008-09	High Court of Karnataka
		69	46	FY 2009-10	High Court of Andhra Pradesh and Telengana
		15	—	FY 2007-08 to 2016-17	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	96	—	2009-10 to 2015-16	The Commissioner (Appeals)
		67	9	2005-06 to 2007-08 and 2013-14 to 2014-15	Customs, Excise and Service Tax Appellate Tribunal
		16	—	2010-11 to 2014-15	Commissioner of Central Excise, Customs & Service Tax, Aurangabad
		12	—	2014-15 and 2015-16	Commissioner of Customs, Central Excise & Service Tax (Appeals)
		11	—	2014-15	The Commissioner (Appeals) Central Excise, Jaipur
		1	—	2007-08	Commissioner (Appeals) Central Excise, Chandigarh

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)	Excise duty, Storage and privilege fee, etc.	218	150	1999-00 to 2005-06	High Court of Karnataka
		141	—	2000-01 to 2014-15	The Commissioner of Prohibition and Excise, Chennai
		43	13	1988-89	High Court of Calcutta
		38	—	2011-12 to 2015-16	High Court of Bombay at Goa
		19	5	2009-10 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	3,001	1,245	2001-02 to 2013-14	Rajasthan Tax Board, Ajmer
		579	24	2012-13	The Appeal Authority, Commercial Taxes, Alwar
		438	—	2006-07 and 2007-08	The West Bengal Sales Tax Appellate and Revisional Board
		426	—	2006-07 to 2013-14	Supreme Court of India
		353	—	2010-11	Deputy Commissioner of Commercial Taxes, Dhanbad
		188	—	2012-13 and 2013-14	The Joint Commissioner of Sales Tax
		71	—	2013-14	Assistant Commissioner of Commercial Taxes, Patna
		69	6	2008-09 to 2010-11	Joint Commissioner of Sales Tax (Appeals), Maharashtra
		63	—	2002-03	Jt. Excise and Taxation Commissioner (Appeals), Faridabad
		51	—	2008-09 to 2011-12	Joint Commissioner of Commercial Taxes (Appeal), Patna
		26	—	2011-12 to 2012-13	Commissioner of Commercial Taxes, Bihar
		22	8	2003-04 and 2006-07	Maharashtra Sales Tax Tribunal
		10	4	2005-06 to 2007-08	Sales Tax Appellate Tribunal, Andhra Pradesh
		5	—	2011-12	Commercial Tax Tribunal, Bihar
		3	—	2008-09	The Commercial Taxes Tribunal, Bihar

Independent Auditor's Report contd.

(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 a financial institution or bank or government. The Company did not have 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 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 applica4le 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 17, 2017

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, 2017, 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 control 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 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 was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control 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 Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 17, 2017

Balance Sheet as at March 31, 2017

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

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	1,69,603	1,76,198	1,77,022
Capital work-in-progress		13,718	6,084	9,016
Intangible assets	4	2,952	3,538	4,062
Financial assets				
(i) Investments	5	2,550	2,547	2,547
(ii) Others	6	5,371	10,063	12,342
Income tax assets (net)		9,598	8,412	8,140
Other non-current assets	7	7,450	11,625	8,259
		2,11,242	2,18,467	2,21,388
Current assets				
Inventories	8	75,014	68,735	60,933
Financial assets				
(i) Trade receivables	9	1,29,535	1,11,881	93,172
(ii) Cash and cash equivalents	10	1,255	329	616
(iii) Bank balances other than (ii) above	11	900	818	467
(iv) Others	6	4,482	6,184	4,754
Other current assets	7	24,969	29,762	26,566
		2,36,155	2,17,709	1,86,508
Total assets		**4,47,397**	4,36,176	4,07,896
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	2,644	2,644	2,644
Other equity	13	2,30,608	2,11,918	1,85,746
		2,33,252	2,14,562	1,88,390
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	14	18,403	25,795	59,809
(ii) Other financial liabilities	15	773	—	—
Provisions	16	—	849	523
Deferred tax liability (net)	17	4,704	6,348	6,765
		23,880	32,992	67,097
Current liabilities				
Financial liabilities				
(i) Borrowings	18	21,190	21,288	18,758
(ii) Trade payables	19	45,988	41,814	38,000
(iii) Other financial liabilities	15	66,646	71,848	43,884
Other current liabilities	20	48,544	45,765	43,221
Provisions	16	7,897	7,907	8,546
		1,90,265	1,88,622	1,52,409
Total equity and liabilities		**4,47,397**	4,36,176	4,07,896
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 17, 2017

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 17, 2017

Statement of profit and loss and other comprehensive income for the year ended March 31, 2017

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

	Notes	March 31, 2017	March 31, 2016
INCOME			
Revenue from operations (gross of excise duty)	21	10,22,816	*9,64,000*
Other income	22	5,160	*8,616*
Total		**10,27,976**	*9,72,616*
EXPENSES			
Cost of materials consumed	23	2,20,626	*2,09,703*
Purchase of stock-in-trade	24	825	*5,289*
Increase in inventories of finished goods, work-in-progress and stock-in-trade	25	(2,032)	*(1,107)*
Excise duty on sale of goods		5,49,404	*4,80,119*
Employee benefits expense	26	35,209	*33,429*
Finance costs	27	5,865	*8,107*
Depreciation and amortisation expense	28	28,695	*24,351*
Other expenses	29	1,54,667	*1,67,382*
Total		**9,93,259**	*9,27,273*
Profit before tax		**34,717**	*45,343*
Tax expenses	30		
Current tax		13,254	*15,973*
Deferred tax credit		(1,470)	*(417)*
Total tax expenses		**11,784**	*15,556*
Profit for the year		**22,933**	*29,787*
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plans		(387)	*(662)*
Income tax effect on above		134	*229*
Items that will be reclassified to profit or loss in subsequent periods			
Net movement in cash flow hedges	31	(504)	*—*
Income tax effect on above		174	*—*
		(583)	*(433)*
Total comprehensive income for the year		**22,350**	*29,354*
Earnings per equity share in Rs. [nominal value per share Re.1 (Previous year: Re.1)]	32		
Basic		8.67	*11.27*
Diluted		8.67	*11.27*
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
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Govind Iyengar
Company Secretary

Place: Bengaluru
Date: May 17, 2017

Cash Flow Statement for the year ended March 31, 2017

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

	Notes	March 31, 2017	March 31, 2016
A Cash flow from operating activities			
Profit before tax		34,717	45,343
Adjustments for:			
Depreciation and amortisation expense		28,695	24,351
Bad debts/advances written off		4	623
Allowance for doubtful receivables		765	2,915
Allowance for doubtful advances		21	30
Net loss on sale of property, plant and equipment		7	438
Exchange differences (net)		(26)	3,720
Liabilities no longer required written back		(134)	(2,476)
Allowance for doubtful receivables, no longer required written back		(1,158)	(1)
Allowance for doubtful advances, no longer required written back		—	(599)
Fair value gain on financial instruments at fair value through profit or loss		—	(4,137)
Interest expense		5,807	7,546
Interest income		(241)	(207)
Dividend income		(12)	(9)
Operating profits before working capital changes		**68,445**	77,537
Movement in working capital:			
(Increase)/decrease in Inventories		(6,279)	(7,802)
(Increase)/decrease in Trade receivables		(17,261)	(21,623)
(Increase)/decrease in Other financial assets		5,839	5,022
(Increase)/decrease in Other assets		4,415	(3,916)
Increase/(decrease) in Trade payables		4,334	6,861
Increase/(decrease) in Other financial liabilities		7,668	12,273
Increase/(decrease) in Other current liabilities and provisions		1,533	1,569
Cash generated from operations		**68,694**	69,921
Direct taxes paid (net of refund)		(14,306)	(16,016)
Net cash flow from operating activities (A)		**54,388**	53,905
B Cash flow from investing activities			
Purchase of property, plant and equipment including capital work-in-progress and capital advances		(23,598)	(24,360)
Proceeds from sale of property, plant and equipment		51	60
Investments in shares		(3)	—
Investments in bank deposits (having original maturity of more than three months)		(87)	(433)
Redemption/maturity of bank deposits (having original maturity of more than three months)		39	21
Interest received		233	178
Dividend received from subsidiary company		12	9
Net cash used in investing activities (B)		**(23,353)**	(24,525)

Cash Flow Statement contd.

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

	Notes	March 31, 2017	March 31, 2016
C Cash flow from financing activities			
Proceeds from long-term borrowings		13,000	—
Repayment of long-term borrowings		(34,119)	*(21,099)*
Proceeds from/(repayment of) short-term borrowings (net)		(98)	*2,530*
Interest paid		(5,832)	*(7,938)*
Dividend paid to equity shareholders		(2,441)	*(2,622)*
Dividend distribution tax paid		(619)	*(538)*
Net cash flow used in financing activities (C)		**(30,109)**	*(29,667)*
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**926**	*(287)*
Cash and cash equivalents at the beginning of the year		329	*616*
Cash and cash equivalents at the end of the year		**1,255**	*329*
Components of cash and cash equivalents			
Cash on hand		12	*20*
Bank balances on current accounts*		1,238	*306*
Bank balances on deposit accounts with original maturity of three months or less		5	*3*
Total cash and cash equivalents		**1,255**	*329*
Summary of significant accounting policies	2.1		

*Includes Rs. 709 Lakhs (Previous Year: Rs. 109 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 17, 2017

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 17, 2017

Statement of changes in equity for the year ended March 31, 2017

(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, 2017		*As at March 31, 2016*		*As at April 1, 2015*	
	Numbers	Rs. in Lakhs	*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*	*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*	*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, 2015	24,690	62,938	22,122	75,996	—	1,85,746
Profit for the year	—	—	—	29,787	—	29,787
Other comprehensive income	—	—	—	(433)	—	(433)
Transfer from retained earnings	—	—	2,946	(2,946)	—	—
Cash dividends (Refer Note 13)	—	—	—	(2,644)	—	(2,644)
Dividend distribution tax	—	—	—	(538)	—	(538)
Balance as at March 31, 2016	**24,690**	**62,938**	**25,068**	**99,222**	**—**	**2,11,918**
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**

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 17, 2017

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 17, 2017

Notes to the standalone Ind AS financial statements for the year ended March 31, 2017

(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.

For all periods up to and including the year ended March 31, 2016, the Company prepared its standalone financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). These standalone Ind AS financial statements for the year ended March 31, 2017 are the first, the Company has prepared in accordance with Ind AS. Refer to Note 43 for details on first time adoption of Ind AS.

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.

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 equivalents 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 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.

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

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.

(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.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(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.

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

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 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 taxes 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.

Notes to the standalone Ind AS Financial Statements contd.

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

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 (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.

(iii) Assets individually costing Rs. 5,000 or less and coolers (included under furniture and fixtures) are depreciated on a straight-line basis over a period of 1 year being useful life, as estimated by the management considering such assets do not have enduring benefits.

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

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

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

(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.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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)

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. 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 period 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:

Notes to the standalone Ind AS Financial Statements contd.

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

- 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.

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

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(u) 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.

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Notes to the standalone Ind AS Financial Statements contd.

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

3. PROPERTY, PLANT AND EQUIPMENT

	Cost				Depreciation/Amortisation				Net book value
	As at April 1, 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)	*20,066*	—	—	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**

Previous year

	Cost				Depreciation/Amortisation				Net book value	
	As at April 1, 2015	*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*	*As at April 1, 2015*
Freehold land (refer note a)	*20,066*	—	—	*20,066*	—	—	—	—	*20,066*	*20,066*
Leasehold land (refer note b)	*11,397*	—	*75*	*11,322*	*550*	*124*	*75*	*599*	*10,723*	*10,847*
Buildings (refer note c)	*50,366*	*4,892*	*1*	*55,257*	*11,969*	*2,240*	*1*	*14,208*	*41,049*	*38,397*
Leasehold improvements	*64*	—	—	*64*	*64*	—	—	*64*	—	—
Plant and equipment	*2,07,592*	*14,191*	*944*	*2,20,839*	*1,04,110*	*18,261*	*459*	*1,21,912*	*98,927*	*1,03,482*
Office equipments	*1,120*	*288*	—	*1,408*	*857*	*104*	—	*961*	*447*	*263*
Computers	*1,353*	*63*	*21*	*1,395*	*966*	*234*	*20*	*1,180*	*215*	*387*
Furniture and fixtures	*8,776*	*3,513*	*144*	*12,145*	*7,170*	*2,199*	*133*	*9,236*	*2,909*	*1,606*
Laboratory equipments	*2,812*	*214*	*4*	*3,022*	*1,232*	*288*	*4*	*1,516*	*1,506*	*1,580*
Vehicles	*975*	*70*	*37*	*1,008*	*581*	*107*	*36*	*652*	*356*	*394*
Total	***3,04,521***	***23,231***	***1,226***	***3,26,526***	***1,27,499***	***23,557***	***728***	***1,50,328***	***1,76,198***	***1,77,022***

a) Freehold land measuring 9.04 acres at Kuthambakkum (Tamilnadu) is pending registration in the name of the Company and titles of freehold lands 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, 2017. Further, titles of freehold lands measuring 63.07 acres and 54.54 acres at Kothlapur (Telangana) and Srikakulam (Andhra Pradesh), respectively, are held in the name of erstwhile merged entities.

b) The titles of leasehold land measuring 64.02 acres at Aurangabad (Maharashtra) are held in the name of erstwhile merged entities. Further, the title of leasehold land measuring 14.39 acres at Shahjahanpur (Rajasthan) is pending registration in the name of the Company.

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

	As at March 31, 2017	*As at March 31, 2016*	*As at April 1, 2015*
Gross block	24,261	*23,035*	*20,175*
Depreciation charge for the year	951	*871*	*1,195*
Accumulated depreciation	6,372	*5,421*	*4,550*
Net block	**17,889**	***17,614***	***15,625***

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

4. INTANGIBLE ASSETS

	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**

Previous year

	Cost				Depreciation / Amortisation				Net book value	
	As at April 1, 2015	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	As at April 1, 2015
Goodwill	6,543	—	—	6,543	6,543	—	—	6,543	—	—
Licenses and rights	10,066	270	—	10,336	6,004	794	—	6,798	3,538	4,062
Brands	631	—	—	631	631	—	—	631	—	—
Total	17,240	270	—	17,510	13,178	794	—	13,972	3,538	4,062

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Notes to the standalone Ind AS Financial Statements contd.

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
5. INVESTMENTS						
(Unquoted)						
Trade investments						
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		4,500	
Less: Provision for impairment in value of investments*	1,959	2,541	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		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		1
SABMiller India Limited (Formerly, Skol Breweries Limited) [300 (Previous years: 300) equity shares of Rs. 10 each]**		0		0		0
Castle Breweries Ltd. (Formerly, Jupiter Breweries Industries Limited) [50 (Previous years: 50) equity shares of Rs. 10 each]**		0		0		0
Mohan Meakin Limited [100 (Previous years: 100) equity shares of Rs. 5 each]**		0		0		0
Blossom Industries Limited [100 (Previous years: 100) equity shares of Rs. 3 each]**		0		0		0
The Cosmos Co-operative Bank Limited [1,000 (Previous years: 1,000) equity shares of Rs. 100 each]		1		1		1
Renew Wind Energy (Karnataka) Private Limited [3,000 (Previous years: Nil) equity shares of Rs. 100 each]		3		—		—
In government securities						
National savings certificate	18		18		18	
Less: Provision for impairment in value of investments	15	3	15	3	15	3
Total		**2,550**		2,547		2,547

* 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, 2017.

**Rounded off.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Aggregate amount of unquoted investments (net)	2,550	2,547	2,547
Aggregate amount of impairment in value of investments	(1,974)	(1,974)	(1,974)

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, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
6. FINANCIAL ASSETS - OTHERS						
Unsecured, considered good						
Financial instruments at fair value through OCI						
Cross currency interest rate swap*	947	—	—	4,397	—	—
Financial instruments at fair value through profit or loss						
Cross currency interest rate swap*	—	6,111	8,882	—	6,107	2,756
Financial assets at amortised cost						
Security deposits	4,282	3,776	3,345	—	—	1,950
Bank deposits with original maturity of more than 12 months	32	65	13	—	—	—
Margin money deposits towards bank guarantees	110	111	102	—	—	—
Interest accrued on fixed deposits, deposits and advances	—	—	—	85	77	48
	5,371	10,063	12,342	**4,482**	6,184	4,754
Unsecured, considered doubtful						
Security deposits	14	16	16	—	—	—
Less: Allowance for doubtful advances	14	16	16	—	—	—
	—	—	—	—	—	—
Total	**5,371**	**10,063**	**12,342**	**4,482**	6,184	4,754

*Represents fair value of cross currency interest rate swap not designated as hedge upto March 31, 2016 and designated as cash flow hedge thereafter, to hedge foreign currency and interest rate risks on borrowings.

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, 2017	*As at March 31, 2016*	*As at April 1, 2015*	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 1, 2015*
7. OTHER ASSETS						
Unsecured, considered good						
Capital advances	1,132	5,685	3,039	—	—	—
Advances other than capital advances						
Advance to suppliers*	3,055	3,018	2,851	6,306	2,199	1,441
Advance to related party (Refer Note 38)	—	—	—	—	9	27
Employees and other advances	74	126	178	208	210	212
Prepaid expenses	144	152	175	5,686	4,965	5,955
Balance with statutory/ government authorities	2,251	2,316	1,688	12,769	21,617	18,931
Government grant receivable	794	328	328	—	762	—
	7,450	11,625	8,259	24,969	29,762	26,566
Unsecured, considered doubtful						
Capital advances	82	76	76	—	—	—
Advances other than capital advances						
Advance to suppliers	100	83	55	—	—	—
Advance to Star Investments Private Limited**	—	—	597	—	—	—
Less: Allowance for doubtful advances	182	159	728	—	—	—
	—	—	—	—	—	—
Total	**7,450**	11,625	8,259	24,969	29,762	26,566

* 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.

** Fully written off during the year ended March 31, 2016.

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.

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
8. INVENTORIES			
(valued at lower of cost and net realisable value)			
Raw materials [Includes in transit: Rs. 264 Lakhs (March 31, 2016: Rs. 39 Lakhs, April 1, 2015: Rs. 173 Lakhs)]	16,925	13,487	13,289
Packing materials and bottles [Includes in transit: Rs. 531 Lakhs (March 31, 2016: Rs. 549 Lakhs, April 1, 2015: Rs. 301 Lakhs)]	9,977	9,083	6,684
Work-in-progress	26,702	24,810	23,029
Finished goods*	15,638	15,311	12,515
Stock-in-trade	480	110	148
Stores and spares [Includes in transit: Rs. 1 Lakh (March 31, 2016: Rs. 184 Lakhs, April 1, 2015: Rs. 130 Lakhs)]	5,292	5,934	5,268
Total	**75,014**	68,735	60,933

*Net of provision for obsolete stock Rs. 1,626 Lakhs (March 31, 2016: Rs. 487 Lakhs, April 1, 2015: Rs. 196 Lakhs).

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
9. TRADE RECEIVABLES			
Considered good			
Secured	1,204	1,190	1,940
Unsecured	1,28,331	1,10,691	91,232
	1,29,535	1,11,881	93,172
Considered doubtful			
Unsecured	3,939	4,332	1,418
Less: Allowance for doubtful receivables	3,939	4,332	1,418
	—	—	—
Total	**1,29,535**	1,11,881	93,172

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, 2017	As at March 31, 2016	As at April 1, 2015
10. CASH AND CASH EQUIVALENTS			
Bank balances on current accounts*	1,238	306	582
Bank deposits with original maturity of three months or less	5	3	3
Cash on hand	12	20	31
Total	**1,255**	329	616

*Includes balance in unpaid dividend account Rs. 709 Lakhs (March 31, 2016: Rs. 109 Lakhs, April 1, 2015: Rs. 87 Lakhs).

The details of holding as well as dealing in cash by the Company during the period from November 8, 2016 to December 30, 2016 is as below:

Closing cash on hand as on November 8, 2016	23
(+) Receipts	152
(-) Payments	(34)
(-) Amount deposited in banks	(128)
Closing cash on hand as on December 30, 2016	**13**

Notes to the standalone Ind AS Financial Statements contd.

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

11. OTHER BANK BALANCES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank deposits with original maturity of:			
Less than 12 months but more than 3 months	811	405	384
Greater than 12 months	89	413	83
Total	**900**	818	467

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

12. EQUITY SHARE CAPITAL

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised share capital			
4,12,98,00,000 (March 31, 2016: 4,12,98,00,000, April 1, 2015: 4,12,98,00,000) equity shares of Re. 1 each	41,298	41,298	41,298
5,86,00,000 (March 31, 2016: 5,86,00,000, April 1, 2015: 5,86,00,000) preference shares of Rs. 100 each	58,600	58,600	58,600
	99,898	99,898	99,898
Issued, subscribed and fully paid-up shares			
26,44,05,149 (March 31, 2016: 26,44,05,149, April 1, 2015: 26,44,05,149) equity shares of Re. 1 each	2,644	2,644	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, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	Rs. in Lakhs	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	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	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.

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

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

Name of the shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	%	Nos.	%	Nos.	%
Equity shares of Re.1 each fully paid						
Scottish & Newcastle India Limited	899,94,960	34.04%	899,94,960	34.04%	899,94,960	34.04%
United Breweries (Holdings) Limited	283,37,911	10.72%	283,37,911	10.72%	302,95,911	11.46%
Dr. Vijay Mallya (including joint holdings)	213,53,620	8.08%	213,53,620	8.08%	213,53,620	8.08%
Heineken International B.V.	171,20,643	6.48%	152,65,858	5.77%	42,35,770	1.60%

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, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares issued in 2012-13 on amalgamation of Scottish and Newcastle India Private Limited (Nos.)	84,89,270	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	98,60,211
Equity shares issued in 2010-11 on amalgamation of Millennium Alcobev Private Limited and Empee Breweries Limited (Nos.)	144,96,683	144,96,683	144,96,683
	328,46,164	328,46,164	328,46,164

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
13. OTHER EQUITY			
Capital redemption reserve			
Balance as per last standalone financial statements	24,690	24,690	17,283
Add: Transfer from surplus in statement of profit and loss on redemption of preference shares*	—	—	7,407
Closing balance	**24,690**	24,690	24,690

* Capital redemption reserve had been created in respect of 3% cumulative redeemable preference shares-Series B, redeemed during the year ended March 31, 2015.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Securities premium account			
Balance as per last standalone financial statements	**62,938**	62,938	62,938
General reserve			
Balance as per last standalone financial statements	25,068	22,122	19,527
Add: Transfer from statement of profit and loss	2,293	2,946	2,595
Closing balance	**27,361**	25,068	22,122
Cash flow hedge reserve			
Balance as per last standalone financial statements	—	—	—
Net movement on cash flow hedges (net of tax)	(330)	—	—
Closing balance	**(330)**	—	—
Surplus in the statement of profit and loss			
Balance as per last standalone financial statements	99,222	75,996	60,787
Add: Profit for the year	22,933	29,787	26,198
Add: Other comprehensive income	(253)	(433)	—
Less: Appropriations			
Final equity dividend [amount per share Rs. 1.15 (Previous year: Re.1)]	(3,041)	(2,644)	—
Tax on equity dividend	(619)	(538)	—
Dividend on preference shares [amount per share Rs. Nil (Previous year: Rs. 3)]	—	—	(222)
Tax on preference dividend	—	—	(45)
Transfer to general reserve	(2,293)	(2,946)	(2,595)
Transfer to capital redemption reserve	—	—	(7,407)
Depreciation adjustment (net of deferred tax)**	—	—	(720)
Closing balance	**1,15,949**	99,222	75,996
Total reserves and surplus	**2,30,608**	2,11,918	1,85,746

** Pursuant to the notification of Schedule II of the Companies Act, 2013 ("the Act"), by the Ministry of Corporate Affairs effective April 1, 2014, so as to conform to the requirements of the Act, the carrying value of Rs. 720 Lakhs (net of tax adjustment of Rs. 371 Lakhs), in respect of assets with nil revised remaining useful life as at April 1, 2014 had been reduced from the retained earnings as on such date.

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

	As at March 31, 2017	As at March 31, 2016
Distribution made and proposed		
Cash dividends on equity shares declared and paid:		
Dividend for the year ended March 31, 2016: Rs. 1.15 per share (March 31, 2015: Re. 1 per share)	3,041	2,644
Dividend distribution tax	619	538
	3,660	3,182
Proposed dividends on equity shares:		
Dividend for the year ended on March 31, 2017: Rs. 1.15 per share (March 31, 2016: Rs. 1.15 per share)	3,041	3,041
Dividend distribution tax	619	619
	3,660	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.

14. NON-CURRENT BORROWINGS

	Non-current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured borrowings						
Foreign currency term loans						
External commercial borrowing from banks	5,403	25,795	43,466	19,809	20,269	15,995
Term loan from bank	—	—	12,518	—	13,267	—
Indian currency term loan from bank	13,000	—	—	—	—	—
	18,403	25,795	55,984	**19,809**	33,536	15,995
Unsecured borrowings						
Deferred payment liabilities	—	—	3,825	—	—	335
	—	—	3,825	—	—	335
Less: Amount disclosed under the head "Other financial liabilities"(Refer Note 15)	—	—	—	19,809	33,536	16,330
Total	**18,403**	25,795	59,809	—	—	—

Notes to the standalone Ind AS Financial Statements contd.

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

Secured borrowings

Nature of security	Repayment and other terms
Foreign currency term loans	
DBS Bank Ltd: Rs. 14,407 Lakhs (March 31, 2016: Rs. 29,481 Lakhs, April 1, 2015: Rs. 31,295 Lakhs) secured by exclusive charge on immovable assets of the Company located at Goa, Kalyani, 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 carries interest of 9.58% per annum payable on quarterly basis.
Rabobank International: Rs. 10,805 Lakhs (March 31, 2016: Rs. 16,583 Lakhs, April 1, 2015: Rs. 15,648 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.
Rabobank International: Rs. Nil (March 31, 2016: Rs. Nil, April 1, 2015: Rs. 12,518 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 after 3 years on February 6, 2016. The loan carried interest of 8.75% per annum payable on quarterly basis.
Citibank: Rs. Nil (March 31, 2016: Rs. 13,267 Lakhs, April 1, 2015: Rs. 12,518 Lakhs) secured by pari-passu charge on all movable and immovable fixed assets of the Company, other than assets of Taloja unit.	Repayable after 24 months from the date of drawal i.e., on April 28, 2016. The loan carried interest of 9.75% per annum payable on monthly basis.
Indian currency term loan	
BNP Paribas: Rs. 13,000 Lakhs (March 31, 2016: Rs. Nil, April 1, 2015: Rs. Nil) 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 8.70% and 8.50% per annum payable on monthly basis.

Unsecured borrowings

Deferred payment liability of Rs. Nil (March 31, 2016: Rs. Nil, April 1, 2015: Rs. 4,160 Lakhs) pertains to sales tax payable to the Government of Maharashtra by virtue of being eligible for deferred payment after having established a manufacturing unit in a notified backward area. This amount was repayable in five equal annual installments on completion of 10 years from the end of respective year to which sales tax liability relates. The Company has fully repaid this amount during the year ended March 31, 2016.

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

	Non-current			Current		
	As at March 31, 2017	*As at March 31, 2016*	*As at April 1, 2015*	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 1, 2015*
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)	—	—	—	19,809	33,536	16,330
Liability for capital goods	—	—	—	3,434	2,379	3,524
Interest accrued but not due on borrowings	—	—	—	631	656	1,048
Security deposits	—	—	—	3,104	2,576	2,212
Unpaid dividends**	—	—	—	709	109	87
Salaries and bonus payable	773	—	—	2,751	3,019	1,818
Freight expenses payable	—	—	—	9,521	8,765	8,458
Other expenses payable	—	—	—	26,312	20,808	10,407
Total	**773**	—	—	**66,646**	71,848	43,884

* 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.

16. PROVISIONS

	Non-current			Current		
	As at March 31, 2017	*As at March 31, 2016*	*As at April 1, 2015*	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 1, 2015*
Provision for employee benefits						
Gratuity	—	849	523	902	1,000	2,000
Compensated absences	—	—	—	3,180	2,663	2,476
	—	849	523	4,082	3,663	4,476
Other provisions						
Provision for litigations	—	—	—	2,897	2,644	2,041
Provision for claims	—	—	—	918	1,600	2,029
	—	—	—	3,815	4,244	4,070
Total	—	849	523	**7,897**	7,907	8,546

	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	2,644	253	—	—	2,897
	(2,041)	(1,569)	(-)	(966)	(2,644)
Provision for claims	1,600	—	—	682	918
	(2,029)	(-)	(-)	(429)	(1,600)

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.

Notes to the standalone Ind AS Financial Statements contd.
(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, 2017	As at March 31, 2016	As at April 1, 2015	March 31, 2017	March 31, 2016
17. DEFERRED TAX LIABILITY (NET)					
Deferred tax liabilities					
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	8,086	9,754	9,876	(1,668)	(122)
Fair valuation of cash flow hedges	—	75	129	(75)	(54)
	8,086	9,829	10,005	**(1,743)**	(176)
Deferred tax assets					
Allowance for doubtful debts and advances	1,431	1,549	748	(118)	801
Provision for gratuity and compensated absences	1,416	1,558	1,728	(142)	(170)
Fair valuation of cash flow hedges	90	—	—	90	—
Other provisions	445	374	764	71	(390)
	3,382	3,481	3,240	(99)	241
Net deferred tax liability	**4,704**	6,348	6,765		
Deferred tax credit				**(1,644)**	(417)

Reconciliation of movement in deferred tax liability (net)		
Balance at the beginning of the year	6,348	6,765
Tax charge/(credit) during the year		
Recognised in profit and loss	(1,470)	(417)
Recognised in OCI	(174)	—
	(1,644)	(417)
Balance at the end of the year	**4,704**	6,348

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Notes to the standalone Ind AS Financial Statements contd.

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
18. CURRENT BORROWINGS			
Secured borrowings			
Foreign currency short-term loan from bank	4,841	—	—
Indian currency cash credit from banks	1,349	12,290	3,758
Indian currency working capital demand loan from bank	5,000	—	—
	11,190	12,290	3,758
Unsecured borrowings			
Indian currency commercial papers [2,000 of Rs. 5,00,000 each (March 31, 2016: Nil, April 1, 2015: 3,000 of Rs. 5,00,000 each)]	10,000	—	15,000
Indian currency bank overdraft	—	8,998	—
	10,000	8,998	15,000
Total	**21,190**	21,288	18,758

Secured borrowings

a) Foreign currency short-term loans is part of consortium facility and it 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 fully hedged and is repayable on July 19, 2017 and carries interest rate of 8.43%, payable on a monthly basis.

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 8.30% to 10.00% p.a.

c) Indian currency working capital demand loan is part of consortium facility and it 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 on April 15, 2017 and carries interest rate of 7.90% p.a.

Unsecured borrowings

a) Commercial papers are repayable after a term of 60 days from issue and carried interest rate of 9.20% p.a.

b) Bank overdraft were repayable on demand and carried interest in the range of 9.30% to 9.80% p.a.

19. TRADE PAYABLES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total outstanding dues of micro and small enterprises (Refer Note 36 for details)	551	424	385
Total outstanding dues of creditors other than micro and small enterprises (including acceptances)*	45,437	41,390	37,615
Total	**45,988**	41,814	38,000

*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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory dues payable	45,523	44,070	40,721
Advances from customers	2,132	1,166	1,141
Advances from commission agents	889	529	1,359
Total	**48,544**	45,765	43,221

Notes to the standalone Ind AS Financial Statements contd.

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

	March 31, 2017	March 31, 2016
21. REVENUE FROM OPERATIONS (GROSS OF EXCISE DUTY)		
Sale of products (including excise duty)*	10,00,426	9,38,827
Sale of services**	751	709
Other operating revenues	21,639	24,464
Total	**10,22,816**	9,64,000

* Includes sale of beer Rs. 9,93,895 Lakhs (Previous year: Rs. 9,32,453 Lakhs) and sale of malt Rs. 6,531 Lakhs (Previous year: Rs. 6,374 Lakhs).

** Royalty income

22. OTHER INCOME

	March 31, 2017	March 31, 2016
Interest income on fixed deposits, deposits and advances	241	207
Dividend income on investment in subsidiary company	12	9
Government grant*	3,107	762
Liabilities no longer required written back	134	2,476
Allowance for doubtful receivables, no longer required written back	1,158	1
Allowance for doubtful advances, no longer required written back	—	599
Fair value gain on financial instruments at fair value through profit or loss**	—	4,137
Other non-operating income	508	425
Total	**5,160**	8,616

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

** Relates to cross currency interest rate swaps that did not qualify for hedge accounting.

23. COST OF MATERIALS CONSUMED

	March 31, 2017	March 31, 2016
Raw materials		
Inventories at the beginning of the year	13,487	13,289
Add: Purchases	88,624	73,830
Less: Inventories at the end of the year	16,925	13,487
Consumption	**85,186**	73,632
Packing materials and bottles		
Inventories at the beginning of the year	9,083	6,684
Add: Purchases	1,36,334	1,38,470
Less: Inventories at the end of the year	9,977	9,083
Consumption	**1,35,440**	1,36,071
Total	**2,20,626**	2,09,703

Notes to the standalone Ind AS Financial Statements contd.

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

	March 31, 2017	March 31, 2016
24. PURCHASES OF STOCK-IN-TRADE		
Beer	**825**	*5,289*

25. INCREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	March 31, 2017	March 31, 2016
Inventories at the beginning of the year		
Finished goods	15,798	*12,643*
Stock-in-trade	110	*148*
Work-in-progress	24,810	*23,029*
	40,718	*35,820*
Less: Inventories at the end 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*
Increase in inventories	**(3,728)**	*(4,898)*
Increase in excise duty on inventories	**1,696**	*3,791*
Total	**(2,032)**	*(1,107)*

26. EMPLOYEE BENEFITS EXPENSE*

	March 31, 2017	March 31, 2016
Salaries, wages and bonus	30,684	29,425
Gratuity expense [refer note (i) below]	681	669
Contribution to provident and other funds [refer note (ii) below]	1,608	1,474
Staff welfare expenses	2,236	1,861
Total	**35,209**	**33,429**

* Includes Rs. Nil (Previous year: Rs. 1,331 Lakhs) towards compensation for loss of office to erstwhile Managing Director, and is net of reversal of provision no longer required amounting to Rs. 617 Lakhs (Previous year: Rs. 424 Lakhs).

Notes to the standalone Ind AS Financial Statements contd.

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

(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, 2017	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	6,945	6,942	9,777	8,234
Current service cost	617	551	1,636	1,418
Interest cost	523	480	846	748
Benefits paid	(289)	(1,570)	(1,615)	(601)
Actuarial (gain)/loss	537	542	(12)	(22)
Obligations at end of the year	**8,333**	6,945	10,632	9,777
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	5,096	4,419	9,859	8,304
Expected return on plan assets	459	362	882	755
Contributions during the year	2,015	2,005	1,630	1,401
Benefits paid	(289)	(1,570)	(1,615)	(601)
Actuarial gain/(loss)	150	(120)	—	—
Plan assets at end of the year	**7,431**	5,096	10,756	9,859
Actual return on plan assets	609	242	882	757
c) Benefit asset/(liability)				
Fair value of plan assets	7,431	5,096	10,756	9,859
Less: Present value of the defined benefit obligations	8,333	6,945	10,632	9,777
Benefit asset/(liability)	**(902)**	(1,849)	124	82
d) Cost charged to profit or loss under employee cost				
Current service cost	617	551	1,636	1,418
Interest cost	523	480	846	748
Expected return on plan assets	(459)	(362)	(882)	(755)
Net employee benefit expense*	**681**	669	1,600	1,411

*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.

Notes to the standalone Ind AS Financial Statements contd.

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

	Gratuity		Provident fund	
	March 31, 2017	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*
e) Re-measurement (gain)/loss recognised in other comprehensive income				
Actuarial (gain)/loss on liability	537	*542*	—	—
Actuarial (gain)/loss on assets	(150)	*120*	—	—
Net actuarial (gain)/loss	**387**	*662*	**—**	—
f) Major category of plan assets included in percentage of fair value of plan assets				
Government securities	—	—	5,264	*4,732*
Corporate bonds	—	—	5,492	*5,127*
Fund balance with insurance companies	7,431	*5,096*	—	—
Total	**7,431**	*5,096*	**10,756**	*9,859*

	Gratuity		Provident fund	
	March 31, 2017	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*
g) The principal assumptions used in determining gratuity and provident fund obligations for the Company plans are as shown below:				
Discount rate	6.90%	*7.70%*	6.90%	*7.70%*
Estimated rate of return on plan assets	8.25%	*8.25%*	8.75%	*8.20%-9.20%*
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.

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

	March 31, 2017		*March 31, 2016*	
	1% increase	**1% decrease**	*1% increase*	*1% decrease*
Impact on defined benefit obligation (gratuity)				
Discount rate	(539)	611	*(449)*	*508*
Salary increase rate	586	(528)	*491*	*(444)*
Employee turnover	(106)	117	*(71)*	*78*

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.

Notes to the standalone Ind AS Financial Statements contd.

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

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

	Gratuity		Provident fund	
	March 31, 2017	*March 31, 2016*	March 31, 2017	*March 31, 2016*
Within next 12 months	902	*1,000*	1,741	*1,500*
Between 1 to 5 years	4,166	*2,205*	3,804	*4,599*
Between 5 to 10 years	6,039	*6,656*	2,867	*3,813*
Total	**11,107**	*9,861*	**8,412**	*9,912*

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (Previous year: 7 years)

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

	March 31, 2017	*March 31, 2016*
Provident fund	1,129	*1,031*
Superannuation fund and national pension scheme	441	*407*
Employees state insurance fund	38	*36*
Total	**1,608**	*1,474*

	March 31, 2017	*March 31, 2016*
27. FINANCE COSTS		
Interest expense	5,807	*7,546*
Exchange difference regarded as adjustment to borrowing cost	—	*516*
Other borrowing costs	58	*45*
Total	**5,865**	*8,107*
28. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	27,874	*23,557*
Amortisation of intangible assets	821	*794*
Total	**28,695**	*24,351*

Notes to the standalone Ind AS Financial Statements contd.

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

		March 31, 2017		March 31, 2016
29. OTHER EXPENSES				
Consumption of stores and spares		8,901		9,898
Power and fuel		13,605		15,710
Rent		3,666		3,341
Repairs and maintenance				
Plant and machinery		3,126		4,424
Buildings		274		609
Others		868		1,187
Insurance		880		835
Rates and taxes		11,462		8,948
Auditor remuneration				
Statutory audit fee	131		130	
Limited review fee	25		25	
Tax audit fee	17		17	
Others	22	195	25	197
Sales promotion expenses		35,932		41,119
Outward freight, halting and breakage expenses		31,085		32,064
Selling and distribution expense [net of reversal of Rs. 1,126 Lakhs (Previous year: Rs. 2,239 Lakhs)]		25,621		21,257
CSR expenditure (refer details below)		774		651
Bad debts/advances written off		4		623
Allowance for doubtful receivables		765		2,915
Allowance for doubtful advances		21		30
Net loss on sale of property, plant and equipment		7		438
Exchange differences (net)		(26)		3,720
Miscellaneous expenses		17,507		19,416
Total		**1,54,667**		1,67,382
Details of CSR expenditure				
Gross amount required to be spent by the group during the year		774		651
Amount spent during the year		727		609
Amount yet to be spent/paid		47		42
Total		**774**		651

Notes to the standalone Ind AS Financial Statements contd.

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

	March 31, 2017	March 31, 2016
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	13,254	*15,973*
Deferred tax credit	(1,470)	*(417)*
Total	**11,784**	*15,556*
Other comprehensive income		
Deferred tax charge/(credit) on		
Re-measurement of defined benefit plan	134	*229*
Net movement in cash flow hedges	174	—
Total	**308**	*229*
Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:		
Accounting profit before income tax	**34,717**	*45,343*
Tax as per statutory income tax rate of 34.61% (Previous year: 34.61%)	12,016	*15,693*
Allowances/exemptions under Income tax	(986)	*(841)*
Non-deductible expenses for tax purposes		
CSR expenditure	268	*225*
Net loss on sale of fixed assets	2	*152*
Other non-deductible expenses	484	*327*
Income tax expense reported in statement of profit and loss account	**11,784**	*15,556*
Effective tax rate	**34%**	*34%*
31. NET MOVEMENT IN CASH FLOW HEDGES		
Fair value loss on cross currency interest rate swaps and forward contracts	(504)	—
Less: Reclassified to statement of profit or loss	—	—
	(504)	—
Deferred tax effect on above	174	—
Net movement in cash flow hedges	**(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	22,933	*29,787*
Weighted average number of equity shares considered for calculating basic/diluted EPS	26,44,05,149	*26,44,05,149*
Earnings per share (Basic/Diluted)	**8.67**	*11.27*

(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 36 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 12 to 36 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. 3,666 Lakhs (Previous year: Rs. 3,341 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2017	March 31, 2016
Within one year	654	*490*
After one year but not more than five years	—	—
More than five years	—	—
Total	**654**	*490*

34. CAPITAL AND OTHER COMMITMENTS

		March 31, 2017	March 31, 2016
a)	Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	3,272	*12,023*
b)	Other contractual commitments	828	*1,760*
	Total	**4,100**	*13,783*

For commitments relating to lease arrangements, refer Note 33.

35. CONTINGENT LIABILITIES

	March 31, 2017	March 31, 2016
a) Claims against the Company not acknowledged as debts*		
Income tax	29,555	*25,462*
Service tax	22,930	*22,929*
Sales tax	13,630	*12,312*
Excise duty	490	*144*
Water charges	3,055	*3,018*
Employee state insurance/provident fund	80	*51*
Others	4,892	*4,824*
b) Other money for which the Company is contingently liable		
Bank guarantees	2,301	*3,534*
Letter of credit	948	*1,219*
Total	**77,881**	*73,493*

* 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 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, 2017	March 31, 2016
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	551	*424*
- Interest due on above	17	*7*
Total	**568**	*431*
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	68	*34*
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	219	*151*

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:

Revenue from external customers (gross of excise duty)

	March 31, 2017	March 31, 2016
India	10,22,338	*9,63,562*
Outside India	478	*438*
Total	**10,22,816**	*9,64,000*

The above information is based on the location of customers.

Non-current operating assets

	March 31, 2017	March 31, 2016
India	1,86,273	*1,85,820*
Outside India	—	—
Total	**1,86,273**	*1,85,820*

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

(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 (effective August 1, 2015) Mr. Steven Bosch, Director, CFO (effective October 1, 2016) Mr. Kalyan Ganguly, Managing Director (till July 31, 2015) Mr. Henricus Petrus van Zon, Director, CFO (till September 30, 2016)
Relative of KMP	: Mrs. Suparna Bakshi Ganguly (Wife of Mr. Kalyan Ganguly) (till July 31, 2015)
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') Asia Pacific Breweries (Singapore) Pte. Ltd. ('APBS') 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. Roland Pirmez (till August 1, 2015) Mr. Sijbe Hiemstra (effective August 1, 2015) Mr. Frans Erik Eusman (effective August 1, 2015) Mr. Ernst Van De Weert (till July 23, 2015) Mr. Stephan Gerlich Mrs. Kiran Majumdar Shaw Mr. Madhav Bhatkuly Mr. Chugh Yoginder Pal Mr. Chhaganlal Jain Mr. Sunil Alagh

* The Securities and Exchange Board of India vide its order dated January 25, 2017 ("the SEBI Order") has restrained Dr. Vijay Mallya, Non-Executive Chairman of the Company, from holding position as Director or Key managerial person of any listed company with effect from the date of the said Order. The Company has accordingly taken effective steps following the SEBI Order in discussion with the Board of Directors.

Director of subsidiary	: Ms. Kanta Labroo
Key management personnel (KMP):	: Mr. Govind Iyengar, Company Secretary
Relative of director or KMP	: Mr. Umesh Hingorani Mrs. Jenbagalakshmi Iyengar (Wife of Mr. Govind Iyengar)
Private companies in which a director is a director (included in 'Others' below)	: Royal Challengers Sports Private Limited ('RCSPL') (till February 25, 2016)
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') United Spirits Limited ('USL') (till February 25, 2016)

Notes to the standalone Ind AS Financial Statements contd.

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

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

	Subsidiary		Associate		Enterprises having significant influence		Directors, KMP & their relatives		Enterprises over which investing parties or KMP have significant influence		Others	
	March 31, 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*
a) Transactions during the year												
Sale of products												
UBHL	—	—	—	—	582	295	—	—	—	—	—	—
HPPL	—	—	—	—	—	—	—	—	—	—	12,500	11,727
	—	—	**—**	—	**582**	295	**—**	—	**—**	—	**12,500**	11,727
Royalty income												
UBIUK	—	—	—	—	—	—	—	—	—	—	21	27
HPPL	—	—	—	—	—	—	—	—	—	—	5	8
	—	—	**—**	—	**—**	—	**—**	—	**—**	—	**26**	35
Purchase of materials												
HUL	—	—	—	—	—	—	—	—	—	2	—	—
HSCBV	—	—	—	—	—	—	—	—	4	4	—	—
HAPPL	—	—	—	—	—	—	—	—	—	1	—	—
	—	—	**—**	—	**—**	—	**—**	—	**4**	7	**—**	—
Processing charges paid												
MML	1,627	1,798	—	—	—	—	—	—	—	—	—	—
	1,627	1,798	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Sales promotion expenses												
KEBFTPL	—	—	1,075	1,025	—	—	—	—	—	—	—	—
UBHL	—	—	—	—	—	5	—	—	—	—	—	—
Force India	—	—	—	—	—	—	—	—	2,444	2,515	—	—
HIBV	—	—	—	—	—	—	—	—	—	8	—	—
HBBV	—	—	—	—	—	—	—	—	—	13	—	—
RCSPL	—	—	—	—	—	—	—	—	—	—	—	650
HPPL	—	—	—	—	—	—	—	—	—	—	162	135
	—	—	**1,075**	1,025	**—**	5	**—**	—	**2,444**	2,536	**162**	785
Rent expense												
UBHL	—	—	—	—	81	78	—	—	—	—	—	—
MFPL	—	—	—	—	—	—	—	—	—	—	159	157
BPPL	—	—	—	—	—	—	—	—	—	—	42	42
USL	—	—	—	—	—	—	—	—	—	—	—	2
	—	—	**—**	—	**81**	78	**—**	—	**—**	—	**201**	201

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*
Technical service fees												
HIBV	—	—	—	—	—	—	—	—	600	*600*	—	—
	—	—	**—**	—	**—**	—	**—**	—	**600**	*600*	**—**	—
Royalty paid												
UBHL	—	—	—	—	518	*683*	—	—	—	—	—	—
HBBV	—	—	—	—	—	—	—	—	317	*256*	—	—
	—	—	**—**	—	**518**	*683*	**—**	—	**317**	*256*	**—**	—
Consultancy fees paid												
HSCBV	—	—	—	—	—	—	—	—	54	*60*	—	—
HIBV	—	—	—	—	—	—	—	—	14	—	—	—
	—	—	**—**	—	**—**	—	**—**	—	**68**	*60*	**—**	—
Reimbursements received												
UBHL	—	—	—	—	3	*3*	—	—	—	—	—	—
HAPPL	—	—	—	—	—	—	—	—	—	*2*	—	—
USL	—	—	—	—	—	—	—	—	—	—	—	*59*
	—	—	**—**	—	**3**	*3*	**—**	—	**—**	*2*	**—**	*59*
Reimbursements paid												
MML	10	*3*	—	—	—	—	—	—	—	—	—	—
UBHL	—	—	—	—	17	*471*	—	—	—	—	—	—
HIBV	—	—	—	—	—	—	—	—	353	*231*	—	—
HBBV	—	—	—	—	—	—	—	—	12	—	—	—
HCR	—	—	—	—	—	—	—	—	41	*25*	—	—
APBS	—	—	—	—	—	—	—	—	—	*1*	—	—
HPPL	—	—	—	—	—	—	—	—	—	—	87	*66*
USL	—	—	—	—	—	—	—	—	—	—	—	*121*
	10	*3*	**—**	—	**17**	*471*	**—**	—	**406**	*257*	**87**	*187*
Rent received												
KEBFTPL	—	—	1	—	—	—	—	—	—	—	—	—
	—	—	**1**	—	**—**	—	**—**	—	**—**	—	**—**	—

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
Remuneration [Refer (b) below]												
Mr. Shekhar Ramamurthy	—	—	—	—	—	—	822	492	—	—	—	—
Mr. Kalyan Ganguly	—	—	—	—	—	—	—	669	—	—	—	—
Mr. Henricus Petrus van Zon	—	—	—	—	—	—	327	626	—	—	—	—
Mr. Steven Bosch	—	—	—	—	—	—	253	—	—	—	—	—
Mr. Govind Iyengar	—	—	—	—	—	—	161	135	—	—	—	—
Mr. Umesh Hingorani	—	—	—	—	—	—	111	93	—	—	—	—
	—	—	**—**	—	**—**	—	**1,674**	2,015	**—**	—	**—**	—
Compensation for loss of office paid												
Mr. Kalyan Ganguly	—	—	—	—	—	—	—	1,331	—	—	—	—
	—	—	**—**	—	**—**	—	**—**	1,331	**—**	—	**—**	—
Sitting fee												
Dr. Vijay Mallya [Refer (c) below]	—	—	—	—	—	—	6	3	—	—	—	—
Mr. A K Ravi Nedungadi	—	—	—	—	—	—	11	5	—	—	—	—
Mr. Roland Pirmez	—	—	—	—	—	—	—	1	—	—	—	—
Mr. Sijbe Hiemstra	—	—	—	—	—	—	5	1	—	—	—	—
Mr. Frans Erik Eusman	—	—	—	—	—	—	8	2	—	—	—	—
Mr. Ernst Van De Weert	—	—	—	—	—	—	—	1	—	—	—	—
Mr. Stephan Gerlich	—	—	—	—	—	—	5	2	—	—	—	—
Mrs. Kiran Majumdar Shaw	—	—	—	—	—	—	5	3	—	—	—	—
Mr. Madhav Bhatkuly	—	—	—	—	—	—	8	1	—	—	—	—
Mr. Chugh Yoginder Pal	—	—	—	—	—	—	18	10	—	—	—	—
Mr. Chhaganlal Jain	—	—	—	—	—	—	19	10	—	—	—	—
Mr. Sunil Alagh	—	—	—	—	—	—	18	9	—	—	—	—
	—	—	**—**	—	**—**	—	**103**	48	**—**	—	**—**	—
Director Commission												
Dr. Vijay Mallya [Refer (c) below]	—	—	—	—	—	—	64	246	—	—	—	—
Mr. A K Ravi Nedungadi							28	—				
Mr. Stephan Gerlich	—	—	—	—	—	—	28	27	—	—	—	—
Mrs. Kiran Majumdar Shaw	—	—	—	—	—	—	28	27	—	—	—	—

(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*
Mr. Madhav Bhatkuly	—	—	—	—	—	—	28	*27*	—	—	—	—
Mr. Chugh Yoginder Pal	—	—	—	—	—	—	28	*27*	—	—	—	—
Mr. Chhaganlal Jain	—	—	—	—	—	—	28	*27*	—	—	—	—
Mr. Sunil Alagh	—	—	—	—	—	—	28	*27*	—	—	—	—
	—	—	**—**	—	**—**	—	**260**	*408*	**—**	—	**—**	—
Dividend paid on preference shares												
SNIL	—	—	—	—	—	*222*	—	—	—	—	—	—
	—	—	**—**	—	**—**	*222*	**—**	—	**—**	—	**—**	—
Dividend paid on equity shares												
SNIL	—	—	—	—	1,035	*900*	—	—	—	—	—	—
UBHL [Refer (c) below]	—	—	—	—	326	*303*	—	—	—	—		
Dr. Vijay Mallya (including joint holdings) [Refer (c) below]	—	—	—	—	—	—	245	*214*	—	—		—
HUL	—	—	—	—	—	—	—	—	98	*85*	—	—
HIBV	—	—	—	—	—	—	—	—	176	*127*	—	—
	—	—	**—**	—	**1,361**	*1,203*	**245**	*214*	**274**	*212*	**—**	—
Dividend received												
MML	11	*9*	—	—	—	—	—	—	—	—	—	—
	11	*9*	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—

b) Balances outstanding 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, 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*
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	—	—	—	—	—	—	—	—	—	—	769	*953*
UBIUK	—	—	—	—	—	—	—	—	—	—	50	*60*
	—	—	**—**	—	**—**	—	**—**	—	**—**	—	**819**	*1,013*

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
Security deposits												
UBHL	—	—	—	—	65	59	—	—	—	—	—	—
Mrs. Suparna Ganguly	—	—	—	—	—	—	—	—	—	37	—	—
Mrs. Jenbagalakshmi Iyengar	—	—	—	—	—	—	—	—	—	20	—	—
	—	—	**—**	—	**65**	59	**—**	—	**—**	57	**—**	—
Advance												
HSCBV	—	—	—	—	—	—	—	—	—	9	—	—
	—	—	**—**	—	**—**	—	**—**	—	**—**	9	**—**	—
Trade payables												
MML	57	76	—	—	—	—	—	—	—	—	—	—
KEBFTPL	—	—	179	150	—	—	—	—	—	—	—	—
UBHL	—	—	—	—	319	571	—	—	—	—	—	—
HIBV	—	—	—	—	—	—	—	—	480	558	—	—
HBBV	—	—	—	—	—	—	—	—	72	69	—	—
HSCBV	—	—	—	—	—	—	—	—	14	—	—	—
BPPL	—	—	—	—	—	—	—	—	—	—	3	—
	57	76	**179**	150	**319**	571	**—**	—	**566**	627	**3**	—

(a) Fixed assets with gross block of Rs. 235 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 a director (including his joint holdings) and United Breweries (Holdings) Limited, without its prior permission. Accordingly, the Company has withheld payment of Rs. 571 Lakhs relating to dividend on aforesaid shares and the Company would also withhold payment of proposed dividend for the year ended March 31, 2017 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 had 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 a director of the Company. The Company had accordingly withheld payment of Rs. 164 Lakhs (net of TDS) relating to director commission and sitting fees payable to the aforesaid director, which has been paid to the Tax Recovery Officer (TDS), Bengaluru based on an order dated November 30, 2016 received from the Commissioner of Income Tax (TDS). Subsequent to aforesaid payment to tax authorities, the Company has further withheld payment of Rs. 45 Lakhs (net of TDS), relating to director commission and sitting fees payable to the aforesaid 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, 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	—	—
As at March 31, 2016				
Financial assets measured at fair value				
Cross currency interest rate swap	12,218	12,218	—	—
As at April 1, 2015				
Financial assets measured at fair value				
Cross currency interest rate swap	11,638	11,638	—	—

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.

a) Market risk

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

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the 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. In the previous year, although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and offset the underlying transactions when they occur and hence the sensitivity for previous year have been calculated after considering impact of the same. 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, 2017		*March 31, 2016*	
	1% increase	1% decrease	*1% increase*	*1% decrease*
Impact on profit before tax	193	(193)	*213*	*(213)*

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. 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, 2016*		*April 1, 2015*	
		USD (in millions)	Rs. in Lakhs	*USD (in millions)*	*Rs. in Lakhs*	*USD (in millions)*	*Rs. in Lakhs*
Cross currency swaps*	Hedge of foreign currency loans- Principal and interest	39.00	25,212	*89.00*	*59,331*	*115.00*	*71,979*
Interest rate swaps*	Hedge against exposure to variable interest	39.00	25,212	*89.00*	*59,331*	*115.00*	*71,979*
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, 2017	As at March 31, 2016	As at April 1, 2015
Capital advances	458	417	344
Advances to suppliers	3,637	270	310
Trade payables	1,326	1,697	815
Liability for capital goods	96	337	74

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. In the previous year, although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and offset the underlying transactions when they occur and hence the sensitivity for previous year have been calculated after considering impact of the same.

	March 31, 2017		March 31, 2016	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	27	(27)	(13)	13

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, 2017		March 31, 2016	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	260	(260)	214	(214)

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, 2017	March 31, 2016
Balance at the beginning of the year	4,332	1,418
Allowance recognised/(reversed) during the year, net	(393)	2,914
Balance at the end of the year	**3,939**	4,332

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, 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**
March 31, 2016				
Non-current borrowings	—	19,809	5,986	25,795
Current borrowings	21,288	—	—	21,288
Trade payables	41,814	—	—	41,814
Other financial liabilities	71,848	—	—	71,848
Total	**1,34,950**	**19,809**	**5,986**	**1,60,745**
April 1, 2015				
Non-current borrowings	—	33,536	26,273	59,809
Current borrowings	18,758	—	—	18,758
Trade payables	38,000	—	—	38,000
Other financial liabilities	43,884	—	—	43,884
Total	**1,00,642**	**33,536**	**26,273**	**1,60,451**

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, 2017	*As at March 31, 2016*	*As at April 1, 2015*
Non-current borrowings	14	18,403	*25,795*	*59,809*
Current maturities of non-current borrowings	15	19,809	*33,536*	*16,330*
Current borrowings	18	21,190	*21,288*	*18,758*
Less: Cash and cash equivalents	10	1,255	*329*	*616*
Less: Other bank balances	11	900	*818*	*467*
Net debt		**57,247**	*79,472*	*93,814*
Equity share capital	12	2,644	*2,644*	*2,644*
Other equity	13	2,30,608	*2,11,918*	*1,85,746*
Total capital		**2,33,252**	*2,14,562*	*1,88,390*
Gearing ratio		**25%**	*37%*	*50%*

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, 2017 and March 31, 2016.

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.

Meanwhile, vide notification dated April 9, 2016, the Government had allowed production of beer in the state of Bihar for export to outside states, however, vide notification issued on January 24, 2017, the Government has decided not to renew existing brewery licenses from the financial year 2017-18. The said notification also mentions that, upon application, permission shall be granted for manufacture of non-alcoholic drinks / beverages. Pursuant to this notification, 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, 2017, the Company has property, plant and equipment (net) of Rs. 23,530 Lakhs, inventories (gross) of Rs. 844 Lakhs, trade receivables (gross) of Rs. 2,476 Lakhs and advances of Rs. 875 Lakhs at its units in Bihar. Management believes that the carrying amount of the aforesaid property, plant and equipment do not exceed their recoverable amount and is confident of utilization of aforesaid property, plant and equipment either for the new product line in Bihar relating to non-alcoholic beverages or for manufacturing units in other states. Provision aggregating to Rs. 1,324 Lakhs have been made against aforesaid inventories and trade receivable balances and no other adjustment has been considered necessary by the management in this regard.

43. First time adoption of Ind AS

These standalone Ind AS financial statements, for the year ended March 31, 2017, are the first standalone financial statements of the Company that are prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). Accordingly, the Company has prepared these standalone Ind AS financial statements which comply with applicable Ind AS for periods ended on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these standalone Ind AS financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Previous GAAP standalone financial statements, including the balance sheet as at April 1, 2015 and the standalone financial statements as at and for the year ended March 31, 2016.

Exemptions applied

a) Ind AS 101 permits a first-time adopter to elect to continue with the carrying value of all of its property, plant and equipment as recognised in the financial statements as on the date of transition to Ind AS, as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities. The exemption can also be used for intangible assets covered by Ind AS 38. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangibles at their Previous GAAP carrying value.

Notes to the standalone Ind AS Financial Statements contd.

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

b) Ind AS 101 permits a first-time adopter to elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind AS). Accordingly, the Company has elected to measure all assets and liabilities arising out of business combinations that occurred before the date of transition to Ind AS at their Previous GAAP carrying values.

c) When an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with Ind AS 109. A first-time adopter may choose either fair value at the entity's date of transition to Ind AS in its separate financial statements or Previous GAAP carrying amount at that date, to measure its investment in subsidiary or associate that it elects to measure using a deemed cost. Accordingly, the Company has elected to measure its investment in subsidiary and associate using the Previous GAAP carrying amount as deemed cost.

d) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

e) If a first-time adopter did not, under its Previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with Ind AS requirements, it shall use its Previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance Sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind AS. Accordingly, the Company has used its Previous GAAP carrying amount of the deferred payment liability at the date of transition to Ind AS as the carrying amount in the opening Ind AS Balance Sheet.

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Notes to the standalone Ind AS Financial Statements contd.

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

Reconciliation of equity as on April 1, 2015 (date of transition to Ind AS)

	Footnotes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,77,022	—	1,77,022
Capital work-in-progress		9,016	—	9,016
Intangible assets		4,062	—	4,062
Financial assets				
(i) Investments		2,547	—	2,547
(ii) Loans	(j)	19,239	(19,239)	—
(iii) Others	(b),(c),(d),(j)	—	12,342	12,342
Income tax assets (net)	(j)	—	8,140	8,140
Other non-current assets	(b),(c),(j)	443	7,816	8,259
		2,12,329	**9,059**	**2,21,388**
Current assets				
Inventories	(b),(c)	55,838	5,095	60,933
Financial assets				
(i) Trade receivables	(b),(c)	96,428	(3,256)	93,172
(ii) Cash and cash equivalents	(b),(c)	609	7	616
(iii) Bank balances other than (ii) above		467	—	467
(iv) Others	(d),(j)	22,344	(17,590)	4,754
Other current assets	(b),(c),(j)	48	26,518	26,566
		1,75,734	**10,774**	**1,86,508**
Total assets		**3,88,063**	**19,833**	**4,07,896**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		2,644	—	2,644
Other equity	(d),(f),(g)	1,82,319	3,427	1,85,746
		1,84,963	**3,427**	**1,88,390**
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	(d)	51,156	8,653	59,809
Provisions	(c)	517	6	523
Deferred tax liability (net)	(g)	6,636	129	6,765
		58,309	**8,788**	**67,097**
Current liabilities				
Financial liabilities				
(i) Borrowings		18,758	—	18,758
(ii) Trade payables	(b),(c)	34,274	3,726	38,000
(iii) Other financial liabilities	(b),(c),(d),(j)	—	43,884	43,884
Other current liabilities	(b),(c),(d),(f),(j)	79,763	(36,542)	43,221
Provisions	(f)	11,996	(3,450)	8,546
		1,44,791	**7,618**	**1,52,409**
Total equity and liabilities		**3,88,063**	**19,833**	**4,07,896**

Notes to the standalone Ind AS Financial Statements contd.

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

Reconciliation of equity as on March 31, 2016

	Footnotes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,76,198	—	1,76,198
Capital work-in-progress		6,084	—	6,084
Intangible assets		3,538	—	3,538
Financial assets				
(i) Investments		2,547	—	2,547
(ii) Loans	(j)	23,052	(23,052)	—
(iii) Others	(b), (c), (d), (j)	—	10,063	10,063
Income tax assets (net)	(j)	—	8,412	8,412
Other non-current assets	(b), (c), (j)	504	11,121	11,625
		2,11,923	**6,544**	**2,18,467**
Current assets				
Inventories	(b), (c)	60,510	8,225	68,735
Financial assets				
(i) Trade receivables	(b), (c)	1,14,303	(2,422)	1,11,881
(ii) Cash and cash equivalents	(b), (c)	316	13	329
(iii) Bank balances other than (ii) above		818	—	818
(iv) Others	(d), (j)	24,293	(18,109)	6,184
Other current assets	(b), (c), (j)	839	28,923	29,762
		2,01,079	**16,630**	**2,17,709**
Total assets		**4,13,002**	**23,174**	**4,36,176**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		2,644	—	2,644
Other equity	(a) to (h)	2,08,116	3,802	2,11,918
		2,10,760	**3,802**	**2,14,562**
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	(d)	19,822	5,973	25,795
Provisions	(c)	839	10	849
Deferred tax liability (net)	(g)	6,273	75	6,348
		26,934	**6,058**	**32,992**
Current liabilities				
Financial liabilities				
(i) Borrowings		21,288	—	21,288
(ii) Trade payables	(b), (c)	38,340	3,474	41,814
(iii) Other financial liabilities	(b), (c), (d), (j)	—	71,848	71,848
Other current liabilities	(b), (c), (d), (f), (j)	1,04,113	(58,348)	45,765
Provisions	(f)	11,567	(3,660)	7,907
		1,75,308	**13,314**	**1,88,622**
Total equity and liabilities		**4,13,002**	**23,174**	**4,36,176**

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

Reconciliation of profit and loss for the year ended March 31, 2016

	Footnotes	Previous GAAP	Adjustments	Ind AS
INCOME				
Revenue from operations (gross of excise duty)	(a), (b), (c)	9,16,773	47,227	9,64,000
Other income	(d)	4,479	4,137	8,616
Total		**9,21,252**	**51,364**	**9,72,616**
EXPENSES				
Cost of materials consumed	(b), (c)	1,94,617	15,086	2,09,703
Purchase of stock-in-trade	(b)	7,176	(1,887)	5,289
Increase in inventories of finished goods, work-in-progress and stock-in-trade	(b), (c)	(724)	(383)	(1,107)
Excise duty on sale of goods	(a), (b), (c)	4,08,625	71,494	4,80,119
Employee benefits expense	(c), (e)	33,604	(175)	33,429
Finance costs	(d)	7,591	516	8,107
Depreciation and amortisation expense		24,351	—	24,351
Other expenses	(a), (b), (c), (d)	2,01,174	(33,792)	1,67,382
Total		**8,76,414**	**50,859**	**9,27,273**
Profit before tax		**44,838**	**505**	**45,343**
Tax expenses				
Current tax	(e)	15,744	229	15,973
Deferred tax credit	(g)	(363)	(54)	(417)
Total tax expenses		**15,381**	**175**	**15,556**
Profit for the year		**29,457**	**330**	**29,787**
Other comprehensive income (OCI)				
Items that will not be reclassified to profit or loss in subsequent periods				
Re-measurement losses on defined benefit plans	(e)	—	(662)	(662)
Income tax effect on above	(e)	—	229	229
		—	**(433)**	**(433)**
Total comprehensive income for the year		**29,457**	**(103)**	**29,354**

Foot notes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and profit and loss for the year ended March 31, 2016:

(a) Sale of products

Under Previous GAAP, sale of products was presented net of excise duty. However, under Ind AS, sale of products includes excise duty and excise duty on sale of products is separately presented on the face of statement of profit and loss. Thus, sale of products under Ind AS has increased by Rs. 408,625 Lakhs for the year ended March 31, 2016 with a corresponding increase in expenses.

Under Previous GAAP, sale of products was presented net of volume discount given to only primary customers and the volume discount given to secondary customers was included in sales promotion expenses under 'Other expenses'. Under Ind AS, sale of products are presented net of volume discounts given to all customers, including secondary customers. Thus, sale of products and sales promotion expenses for the year ended March 31, 2016 under Ind AS has reduced by Rs. 43,913 Lakhs.

Under Previous GAAP, breakages, cash discount and other reimbursements were recognised in respective expense heads under 'Other expenses'. Since realisation from the customers are net of these deductions / reimbursements, under Ind AS, these expenses have been netted off from sales. Thus, sale of products for the year ended March 31, 2016 under Ind AS has reduced by Rs. 5,886 Lakhs.

Notes to the standalone Ind AS Financial Statements contd.

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

(b) Revenue recognition under agency arrangement

The arrangement with Wave Distilleries and Breweries Limited ('WDBL') has been considered an agency relationship based on principles of Ind AS 18 and accordingly its trial balance relating to operations of the Company have been consolidated on a line by line basis. In Previous GAAP, net income from WDBL was recognised in other operating revenue under 'Revenue from operations'. The summary of adjustments made under Ind AS are as below:

	As at April 1, 2015	*As at March 31, 2016*
Non-current assets		
Financial assets - Others	*22*	*16*
Other non-current assets	—	*255*
Current assets		
Inventories	*3,966*	*7,101*
Trade receivables	*(3,265)*	*(2,433)*
Cash and cash equivalents	*2*	*5*
Other current assets	*5,899*	*4,449*
Total	*6,624*	*9,393*
Current liabilities		
Trade payables	*2,627*	*2,690*
Financial liabilities - Others	*971*	*1,407*
Other current liabilities	*3,026*	*5,296*
Total	*6,624*	*9,393*

	March 31, 2016
Revenue from operations (gross of excise duty)	*83,022*
Total	*83,022*
Cost of materials consumed	*14,951*
Increase in inventories of finished goods, work-in-progress and stock-in-trade	*(416)*
Excise duty on sale of goods	*59,359*
Other expenses	*9,128*
Total	*83,022*
Net impact on profit or loss	—

Also, on aforesaid consolidation, inter-unit transaction during the year ended March 31, 2016 relating to sale of products to WDBL of Rs. 2,726 Lakhs and purchase of stock-in-trade of Rs. 1,887 Lakhs from WDBL, have been eliminated.

(c) Leases

The arrangement with Winsome Breweries Limited ('WBL') have been treated as operating lease as per the requirements of Ind AS 17 and accordingly its trial balance relating to operations of the Company have been consolidated on a line by line basis. In Previous GAAP, net income from WBL was recognised in other operating revenue under 'Revenue from operations'. The summary of adjustments made under Ind AS are as below:

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

	As at April 1, 2015	As at March 31, 2016
Non-current assets		
Financial assets - Others	(29)	(22)
Other non-current assets	184	184
Current assets		
Inventories	1,129	1,124
Trade receivables	9	11
Cash and cash equivalents	5	8
Other current assets	273	258
Total	1,571	1,563
Non-current liabilities		
Provisions	6	10
Current liabilities		
Trade payables	1,099	784
Financial liabilities - Others	94	270
Other current liabilities	372	499
Total	1,571	1,563

	March 31, 2016
Revenue from operations (gross of excise duty)	19,571
Total	19,571
Cost of materials consumed	3,815
Decrease in inventories of finished goods, work-in-progress and stock-in-trade	33
Excise duty on sale of goods	12,135
Employee benefits expense	487
Other expenses	3,101
Total	19,571
Net impact on profit or loss	—

Also, on aforesaid consolidation, inter-unit transaction during the year ended March 31, 2016 relating to sale of products to WBL of Rs. 954 Lakhs, have been eliminated.

(d) Derivative instruments and Foreign currency borrowings

The Company uses derivative financial instruments, such as cross currency interest rate swap contracts ('CCIRS') and forward currency contracts, to hedge its foreign currency risks and interest rate risks. Under Previous GAAP, the Company had designated these as economic hedges and applied economic hedge accounting principles to avoid profit or loss mismatch. Under Ind AS, the fair value of CCIRS and foreign exchange gain/loss on restatement of foreign currency borrowings are recognised. Accordingly, during the year ended March 31, 2016, gain on fair valuation of CCIRS of Rs. 4,137 Lakhs has been recognised under 'Other income' and loss on exchange restatement of foreign currency borrowings of Rs. 4,294 Lakhs, of which Rs. 516 Lakhs is recognised in finance costs and balance of Rs. 3,778 has been recognised under 'Other expenses'. Also, as at April 1, 2015, fair valuation of CCIRS of Rs. 11,638 Lakhs and loss on exchange restatement of foreign currency borrowings of Rs. 11,264 Lakhs have been recognised and adjusted to reserves.

(e) Defined benefit obligations

Both under Previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind AS, re-measurement (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 return on plan

Notes to the standalone Ind AS Financial Statements contd.

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

assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with corresponding debit or credit to retained earnings through other comprehensive income. Thus, employee benefit cost for the year ended March 31, 2016 have been reduced by Rs. 662 Lakhs and re-measurement losses of Rs. 433 Lakhs (net of tax of Rs. 229 Lakhs), on defined benefit plans has been recognised in the other comprehensive income.

(f) Provision for proposed dividend

Under Previous GAAP, proposed dividend including dividend distribution tax was recognised as a provision in the period to which it was related, irrespective of when it was declared. Under Ind AS, a proposed dividend is recognised in the period in which it is declared by the Company (usually when approved by shareholders in a general meeting) or paid.

The Company declares dividend after period end. Therefore, provision of Rs. 3,182 Lakhs for the year ended March 31, 2015 recorded for dividend has been de-recognised against retained earnings on April 1, 2015. Similarly, the proposed dividend (including tax thereon) for the year ended March 31, 2016 of Rs. 3,660 Lakhs recognised under Previous GAAP is reduced from provisions with corresponding impact on retained earnings.

Under Previous GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit. Under Ind AS, preference shares needs to be considered as liability and dividend needs to be treated as interest on liability. The Company had fully redeemed its preference shares before March 31, 2015, however, dividend payable of Rs. 268 Lakhs (including tax thereon) for the year ended March 31, 2015 was included under 'Provision'. The same has been reclassified to 'Other financial liabilities'.

(g) Deferred tax

The Company has recognised fair values of CCIRS as per Ind AS, resulting in temporary differences. Accordingly, deferred tax is recognised on the same. On the date of transition, the net impact on deferred tax liabilities is Rs. 129 Lakhs and Rs. 75 Lakhs as on April 1, 2015 and March 31, 2016, respectively, and that on profit or loss for the year ended March 31, 2016 is Rs. 54 Lakhs.

(h) Other comprehensive income

Under Previous GAAP, the Company had not presented other comprehensive income separately. Hence, it has reconciled Previous GAAP profit or loss to total comprehensive income as per Ind AS.

(i) Statement of Cash flows

The transition from Previous GAAP to Ind AS did not have a material impact on statement of cash flows.

(j) Reclassifications

Following reclassification adjustments have been carried out as per Ind AS requirements:

i. Security deposits has been classified under financial assets instead of loans and advances as per Previous GAAP.

ii. Capital and other advances, Prepaid expenses and Balance with statutory/government authorities have been classified under other assets instead of loans and advance as per Previous GAAP.

iii. Advance income tax (net) has been classified as Income tax asset instead of loans and advances as per Previous GAAP.

iv. Current maturities of long-term borrowings, liability for capital goods, interest accrued on borrowings, security deposits payable, unpaid dividends, salaries and bonus payable, freight expenses payable and other expenses payable have been classified under financial liabilities instead of current liabilities as per Previous GAAP.

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 17, 2017

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 17, 2017

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, 2017, 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 Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and 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 control 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 reports 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, 2017, their consolidated profit including 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 decision made by the Bihar State Government for not renewing brewery license from the financial year 2017-18 and the uncertainty relating to the outcome of special leave petition filed by the Bihar State Government before the Honourable Supreme Court of India. Our opinion is not qualified in respect of this matter.

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 below, 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;

(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 Rule 7 of the Companies (Accounts) Rules, 2014 and 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, 2017 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, 2017 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 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 below:

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;

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, 2017;

iv. The Group (excluding subsidiary company, incorporated in India) has not provided certain requisite disclosure in the consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Consequently, we are unable to obtain sufficient and appropriate audit evidence to report whether such disclosure is in accordance with books of account maintained by the Group and as produced to us by the management – Refer Note 10 to the consolidated Ind AS financial statements.

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. 812 Lakhs and net assets of Rs. 567 Lakhs as at March 31, 2017, and total revenues of Rs. 1,791 Lakhs and net cash inflows of 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 the 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 above, 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, 2017 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 17, 2017

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, 2017, 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 control 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 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 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 and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial controls over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 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 and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 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, 2017 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 17, 2017

Consolidated Balance Sheet as at March 31, 2017

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

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	1,69,663	1,76,266	1,77,099
Capital work-in-progress		13,718	6,084	9,016
Intangible assets	4	2,952	3,538	4,062
Goodwill on consolidation (net)		2,421	2,421	2,421
Financial assets				
(i) Investments	5	9	6	6
(ii) Others	6	5,401	10,093	12,372
Income tax assets (net)		9,566	8,371	8,205
Other non-current assets	7	7,606	11,745	8,259
		2,11,336	2,18,524	2,21,440
Current assets				
Inventories	8	75,084	68,805	61,005
Financial assets				
(i) Trade receivables	9	1,29,540	1,11,886	93,178
(ii) Cash and cash equivalents	10	1,262	336	622
(iii) Bank balances other than (ii) above	11	1,167	1,067	697
(iv) Others	6	4,482	6,184	4,754
Other current assets	7	24,999	29,787	26,594
		2,36,534	2,18,065	1,86,850
Total assets		**4,47,870**	4,36,589	4,08,290
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	2,644	2,644	2,644
Other equity	13	2,30,777	2,12,068	1,85,866
		2,33,421	2,14,712	1,88,510
Non-controlling interest Liabilities		**278**	253	227
Non-current liabilities				
Financial liabilities				
(i) Borrowings	14	18,403	25,795	59,811
(i) Other financial liabilities	15	773	—	—
Provisions	16	—	849	523
Deferred tax liability (net)	17	4,695	6,339	6,758
		23,871	32,983	67,092
Current liabilities				
Financial liabilities				
(i) Borrowings	18	21,190	21,288	18,758
(ii) Trade payables	19	45,955	41,759	37,986
(iii) Other financial liabilities	15	66,701	71,911	43,939
Other current liabilities	20	48,552	45,772	43,229
Provisions	16	7,902	7,911	8,549
		1,90,300	1,88,641	1,52,461
Total equity and liabilities		**4,47,870**	4,36,589	4,08,290
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 17, 2017

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 17, 2017

Consolidated Statement of profit and loss and other comprehensive income for the year March 31, 2017

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

	Notes	March 31, 2017	March 31, 2016
INCOME			
Revenue from operations (gross of excise duty)	21	10,22,980	9,64,143
Other income	22	5,171	8,640
Total		**10,28,151**	9,72,783
EXPENSES			
Cost of materials consumed	23	2,18,999	2,07,905
Purchase of stock-in-trade	24	825	5,289
Increase in inventories of finished goods, work-in-progress and stock-in-trade	25	(2,032)	(1,100)
Excise duty on sale of goods		5,50,061	4,80,829
Employee benefits expense	26	35,628	33,860
Finance costs	27	5,865	8,107
Depreciation and amortisation expense	28	28,705	24,363
Other expenses	29	1,55,287	1,68,065
Total		**9,93,338**	9,27,318
Profit before tax		**34,813**	45,465
Tax expenses	30		
Current tax		13,291	16,017
Deferred tax credit		(1,470)	(419)
Total tax expenses		**11,821**	15,598
Profit for the year		**22,992**	29,867
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plants		(387)	(662)
Income tax effect on above		134	229
Items that will be reclassified to profit or loss in subsequent periods			
Net movementin cash flow hedges	31	(504)	—
Income tax effect on above		174	—
		(583)	(433)
Total comprehensive income for the year		**22,409**	29,434
Profit for the year attributable to:			
Equity shareholders of the Holding Company		22,957	29,830
Non-controlling interest		35	37
		22,992	29,867
Total comprehensive income for the year attributable to:			
Equity shareholders of the Holding Company		22,374	29,397
Non-controlling interest		35	37
		22,409	29,434
Earnings per equity share in Rs.	32		
[nominal value per share Re.1 (Previous year: Re.1)]			
Basic		8.70	11.30
Diluted		8.70	11.30
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 17, 2017

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 17, 2017

Consolidated Cash Flow Statement for the year ended March 31, 2017

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

	Notes	March 31, 2017	March 31, 2016
A Cash flow from operating activities			
Profit before tax		34,813	45,465
Adjustments for:			
Depreciation and amortisation expense		28,705	24,363
Bad debts/advances written off		4	623
Allowance for doubtful receivables		765	2,915
Allowance for doubtful advances		21	30
Net loss on sale of property, plant and equipment		7	438
Exchange differences (net)		(26)	3,720
Liabilities no longer required written back		(134)	(2,476)
Allowance for doubtful receivables, no longer required written back		(1,158)	(1)
Allowance for doubtful advances, no longer required written back		—	(599)
Fair value gain on financial instruments at fair value through profit or loss		—	(4,137)
Interest expense		5,807	7,546
Interest income		(263)	(239)
Operating profits before working capital changes		**68,541**	77,648
Movement in working capital:			
(Increase)/decrease in Inventories		(6,279)	(7,800)
(Increase)/decrease in Trade receivables		(17,261)	(21,622)
(Increase)/decrease in Other financial assets		5,839	5,022
(Increase)/decrease in Other assets		4,374	(4,033)
Increase/(decrease) in Trade payables		4,346	6,809
Increase/(decrease) in Other financial liabilities		7,662	12,282
Increase/(decrease) in Other current liabilities and provisions		1,535	1,569
Cash generated from operations		**68,757**	69,875
Direct taxes paid (net of refund)		(14,352)	(15,954)
Net cash flow from operating activities (A)		**54,405**	53,921
B Cash flow from investing activities			
Purchase of property, plant and equipment including capital work-in-progress and capital advances		(23,601)	(24,364)
Proceeds from sale of property, plant and equipment		52	61
Investments in shares		(3)	—
Investments in bank deposits (having original maturity of more than three months)		(105)	(452)
Redemption/maturity of bank deposits (having original maturity of more than three months)		39	21
Interest received		255	210
Net cash used in investing activities (B)		**(23,363)**	(24,524)

Consolidated Cash Flow Statement contd.

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

	Notes	March 31, 2017	March 31, 2016
C Cash flow from financing activities			
Proceeds from long-term borrowings		13,000	—
Repayment of long-term borrowings		(34,121)	*(21,101)*
Proceeds from/(repayment of) short-term borrowings (net)		(98)	*2,530*
Interest paid		(5,832)	*(7,938)*
Dividend paid to equity shareholders		(2,441)	*(2,632)*
Dividend distribution tax paid		(624)	*(542)*
Net cash flow used in financing activities (C)		**(30,116)**	*(29,683)*
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**926**	*(286)*
Cash and cash equivalents at the beginning of the year		336	*622*
Cash and cash equivalents at the end of the year		**1,262**	*336*
Components of cash and cash equivalents			
Cash on hand		12	*21*
Bank balances on current accounts*		1,245	*312*
Bank balances on deposit accounts with original maturity of three months or less		5	*3*
Total cash and cash equivalents		**1,262**	*336*
Summary of significant accounting policies	2.1		

*Includes Rs. 709 Lakhs (Previous Year: Rs. 109 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 17, 2017

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 17, 2017

Consolidated statement of changes in equity for the year ended March 31, 2017

(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, 2017		*As at March 31, 2016*		*As at April 1, 2015*	
	Numbers	Rs. in Lakhs	*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*	*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*	*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, 2015	24,690	62,938	22,249	75,989	—	1,85,866	227
Profit for the year	—	—	—	29,830	—	29,830	37
Other comprehensive income	—	—	—	(433)	—	(433)	—
Transfer from retained earnings	—	—	2,996	(2,996)	—	—	—
Cash dividends (Refer Note 13)	—	—	—	(2,653)	—	(2,653)	(9)
Dividend distribution tax	—	—	—	(542)	—	(542)	(2)
Balance as at March 31, 2016	**24,690**	**62,938**	**25,245**	**99,195**	**—**	**2,12,068**	**253**
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, 2017	**24,690**	**62,938**	**27,588**	**1,15,891**	**(330)**	**2,30,777**	**278**

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 17, 2017

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 17, 2017

Notes to Consolidated Ind AS Financial Statements for the year ended March 31, 2017

(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 subsidiaries (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.

For all periods up to and including the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). These consolidated Ind AS financial statements for the year ended March 31, 2017 are the first, the Group has prepared in accordance with Ind AS. Refer to Note 44 for details on first time adoption of Ind AS.

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.

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, 2017	As at March 31, 2016	As at April 1, 2015
Maltex Malsters Limited ("MML")	Subsidiary	India	51%	51%	51%
Kingfisher East Bengal Football Team Private Limited ("KEBFTPL")*	Associate	India	49.99%	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. The same first time adoption exemption is also used for associate.

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 equivalents 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.

Notes to Consolidated Ind AS Financial Statements contd.

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

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 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.

Notes to Consolidated Ind AS Financial Statements contd.

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

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.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(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.

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

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 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 taxes 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 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 (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.

(iii) Assets individually costing Rs. 5,000 or less and coolers (included under furniture and fixtures) are depreciated on a straight-line basis over a period of 1 year being useful life, as estimated by the management considering such assets do not have enduring benefits.

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.

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

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.

For arrangements entered into prior to April 1, 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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.

(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 at FVTPL. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. 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 period 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.

(w) 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, 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**

Previous year

	Cost				Depreciation/Amortisation				Net book value	
	As at April 1, 2015	*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*	*As at April 1, 2015*
Freehold land (refer note a)	*20,067*	—	—	*20,067*	—	—	—	—	*20,067*	*20,067*
Leasehold land (refer note b)	*11,397*	—	*75*	*11,322*	*550*	*124*	*75*	*599*	*10,723*	*10,847*
Buildings (refer note c)	*50,506*	*4,893*	*1*	*55,398*	*12,079*	*2,243*	*1*	*14,321*	*41,077*	*38,427*
Leasehold improvements	*64*	—	—	*64*	*64*	—	—	*64*	—	—
Plant and equipment	*2,08,183*	*14,194*	*944*	*2,21,433*	*1,04,663*	*18,267*	*458*	*1,22,472*	*98,961*	*1,03,520*
Office equipments	*1,121*	*288*	—	*1,409*	*859*	*104*	—	*963*	*446*	*262*
Computers	*1,353*	*63*	*21*	*1,395*	*966*	*234*	*20*	*1,180*	*215*	*387*
Furniture and fixtures	*8,780*	*3,513*	*144*	*12,149*	*7,174*	*2,199*	*133*	*9,240*	*2,909*	*1,606*
Laboratory equipments	*2,812*	*214*	*4*	*3,022*	*1,232*	*288*	*4*	*1,516*	*1,506*	*1,580*
Vehicles	*1,013*	*70*	*37*	*1,046*	*610*	*110*	*36*	*684*	*362*	*403*
Total	***3,05,296***	***23,235***	***1,226***	***3,27,305***	***1,28,197***	***23,569***	***727***	***1,51,039***	***1,76,266***	***1,77,099***

a) Freehold land measuring 9.04 acres at Kuthambakkum (Tamilnadu) is pending registration in the name of the Company and titles of freehold lands 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, 2017. Further, titles of freehold lands measuring 63.07 acres and 54.54 acres at Kothlapur (Telangana) and Srikakulam (Andhra Pradesh), respectively, are held in the name of erstwhile merged entities.

b) The titles of leasehold land measuring 64.02 acres at Aurangabad (Maharashtra) are held in the name of erstwhile merged entities. Further, the title of leasehold land measuring 14.39 acres at Shahjahanpur (Rajasthan) is pending registration in the name of the Company.

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

	As at March 31, 2017	*As at March 31, 2016*	*As at April 1, 2015*
Gross block	24,261	*23,035*	*20,175*
Depreciation charge for the year	951	*871*	*1,195*
Accumulated depreciation	6,372	*5,421*	*4,550*
Net block	**17,889**	*17,614*	*15,625*

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

4. INTANGIBLE ASSETS

	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**

Previous year

	Cost				Depreciation / Amortisation				Net book value	
	As at April 1, 2015	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	As at April 1, 2015
Goodwill	6,543	—	—	6,543	6,543	—	—	6,543	—	—
Licenses and rights	10,066	270	—	10,336	6,004	794	—	6,798	3,538	4,062
Brands	631	—	—	631	631	—	—	631	—	—
Total	17,240	270	—	17,510	13,178	794	—	13,972	3,538	4,062

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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, 2017		As at March 31, 2016		As at April 1, 2015	
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		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		1
SABMiller India Limited (Formerly, Skol Breweries Limited) [300 (Previous years: 300) equity shares of Rs. 10 each]*		0		0		0
Castle Breweries Ltd. (Formerly, Jupiter Breweries Industries Limited) [50 (Previous years: 50) equity shares of Rs. 10 each]*		0		0		0
Mohan Meakin Limited [100 (Previous years: 100) equity shares of Rs. 5 each]*		0		0		0
Blossom Industries Limited [100 (Previous years: 100) equity shares of Rs. 3 each]*		0		0		0
The Cosmos Co-operative Bank Limited [1,000 (Previous years: 1,000) equity shares of Rs. 100 each]		1		1		1
Renew Wind Energy (Karnataka) Private Limited [3,000 (Previous years: Nil) equity shares of Rs. 100 each]		3		—		—
In government securities						
National savings certificate	18		18		18	
Less: Provision for impairment in value of investments	15	3	15	3	15	3
Total		**9**		6		6
*Rounded off.						
Aggregate amount of unquoted investments (net)		9		6		6
Aggregate amount of impairment in value of investments		(15)		(15)		(15)

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, 2017	*As at March 31, 2016*	*As at April 1, 2015*	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 1, 2015*
6. FINANCIAL ASSETS - OTHERS						
Unsecured, considered good						
Financial instruments at fair value through OCI						
Cross currency interest rate swap*	947	—	—	4,397	—	—
Financial instruments at fair value through profit or loss						
Cross currency interest rate swap*	—	*6,111*	*8,882*	—	*6,107*	*2,756*
Financial assets at amortised cost						
Security deposits	4,312	*3,806*	*3,375*	—	—	*1,950*
Bank deposits with original maturity of more than 12 months	32	*65*	*13*	—	—	—
Margin money deposits towards bank guarantees	110	*111*	*102*	—	—	—
Interest accrued on fixed deposits, deposits and advances	—	—	—	85	*77*	*48*
	5,401	*10,093*	*12,372*	**4,482**	*6,184*	*4,754*
Unsecured, considered doubtful						
Security deposits	14	*16*	*16*	—	—	—
Less: Allowance for doubtful advances	14	*16*	*16*	—	—	—
Total	**5,401**	**10,093**	**12,372**	**4,482**	*6,184*	*4,754*

*Represents fair value of cross currency interest rate swap not designated as hedge upto March 31, 2016 and designated as cash flow hedge thereafter, to hedge foreign currency and interest rate risks on borrowings.

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, 2017	*As at March 31, 2016*	*As at April 1, 2015*	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 1, 2015*
7. OTHER ASSETS						
Unsecured, considered good						
Capital advances	1,132	5,685	3,039	—	—	—
Advances other than capital advances						
Advance to suppliers*	3,055	3,018	2,851	6,306	2,199	1,441
Advance to related party (Refer Note 38)	—	—	—	—	9	27
Employees and other advances	74	126	178	233	224	230
Prepaid expenses	144	152	175	5,691	4,976	5,965
Balance with statutory/government authorities	2,407	2,436	1,688	12,769	21,617	18,931
Government grant receivable	794	328	328	—	762	—
	7,606	11,745	8,259	24,999	29,787	26,594
Unsecured, considered doubtful						
Capital advances	82	76	76	—	—	—
Advances other than capital advances						
Advance to suppliers	100	83	55	—	—	—
Advance to Star Investments Private Limited**	—	—	597	—	—	—
Less: Allowance for doubtful advances	182	159	728	—	—	—
	—	—	—	—	—	—
Total	**7,606**	11,745	8,259	24,999	29,787	26,594

* 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.

** Fully written off during the year ended March 31, 2016.

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

Notes to Consolidated Ind AS Financial Statements contd.

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
8. INVENTORIES			
(valued at lower of cost and net realisable value)			
Raw materials [Includes in transit: Rs. 264 Lakhs (March 31, 2016: Rs. 39 Lakhs, April 1, 2015: Rs. 173 Lakhs)]	16,925	13,487	13,289
Packing materials and bottles [Includes in transit: Rs. 531 Lakhs (March 31, 2016: Rs. 549 Lakhs, April 1, 2015: Rs. 301 Lakhs)]	9,977	9,083	6,684
Work-in-progress	26,702	24,810	23,036
Finished goods*	15,638	15,311	12,515
Stock-in-trade	480	110	148
Stores and spares [Includes in transit: Rs. 1 Lakh (March 31, 2016: Rs. 184 Lakhs, April 1, 2015: Rs.130 Lakhs)]	5,362	6,004	5,333
Total	**75,084**	68,805	61,005

*Net of provision for obsolete stock Rs. 1,626 Lakhs (March 31, 2016: Rs. 487 Lakhs, April 1, 2015: Rs. 196 Lakhs).

9. TRADE RECEIVABLES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Considered good			
Secured	1,204	1,190	1,940
Unsecured	1,28,336	1,10,696	91,238
	1,29,540	1,11,886	93,178
Considered doubtful			
Unsecured	3,939	4,332	1,418
Less: Allowance for doubtful receivables	3,939	4,332	1,418
Total	**1,29,540**	1,11,886	93,178

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.

10. CASH AND CASH EQUIVALENTS

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank balances on current accounts*	1,245	312	587
Bank deposits with original maturity of three months or less	5	3	3
Cash on hand	12	21	32
Total	**1,262**	336	622

*Includes balance in unpaid dividend account Rs. 709 Lakhs (March 31, 2016: Rs. 109 Lakhs, April 1, 2015: Rs. 88 Lakhs).

The details of holding as well as dealing in cash by the Company during the period from November 8, 2016 to December 30, 2016 is as below:

	Specified bank notes**	Other denomination notes	Total
Closing cash on hand as on November 8, 2016	1	23	23
(+) Receipts	—	154	154
(-) Payments	—	(35)	(35)
(-) Amount deposited in banks	(1)	(128)	(129)
Closing cash on hand as on December 30, 2016	**—**	**14**	**14**

** Relates to subsidiary company.

Notes to Consolidated Ind AS Financial Statements contd.

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
11. OTHER BANK BALANCES			
Bank deposits with original maturity of:			
Less than 12 months but more than 3 months	1,078	654	614
Greater than 12 months	89	413	83
Total	**1,167**	**1,067**	**697**

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

12. EQUITY SHARE CAPITAL

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised share capital			
4,12,98,00,000 (March 31, 2016: 4,12,98,00,000, April 1, 2015: 4,12,98,00,000) equity shares of Re. 1 each	41,298	*41,298*	*41,298*
5,86,00,000 (March 31, 2016: 5,86,00,000, April 1, 2015: 5,86,00,000) preference shares of Rs. 100 each	58,600	*58,600*	*58,600*
	99,898	*99,898*	*99,898*
Issued, subscribed and fully paid-up shares			
26,44,05,149 (March 31, 2016: 26,44,05,149, April 1, 2015: 26,44,05,149) equity shares of Re. 1 each	2,644	*2,644*	*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, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	Rs. in Lakhs	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	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	264,4,05,149	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.

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

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

Name of the shareholder	As at March 31, 2017		*As at March 31, 2016*		*As at April 1, 2015*	
	Nos.	%	*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%*	*8,99,94,960*	*34.04%*
United Breweries (Holdings) Limited	2,83,37,911	10.72%	*2,83,37,911*	*10.72%*	*3,02,95,911*	*11.46%*
Dr. Vijay Mallya (including joint holdings)	2,13,53,620	8.08%	*2,13,53,620*	*8.08%*	*2,13,53,620*	*8.08%*
Heineken International B.V.	1,71,20,643	6.48%	*1,52,65,858*	*5.77%*	*42,35,770*	*1.60%*

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, 2017	*As at March 31, 2016*	*As at April 1, 2015*
Equity shares issued in 2012-13 on amalgamation of Scottish and Newcastle India Private Limited (Nos.)	84,89,270	*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*	*98,60,211*
Equity shares issued in 2010-11 on amalgamation of Millennium Alcobev Private Limited and Empee Breweries Limited (Nos.)	1,44,96,683	*1,44,96,683*	*1,44,96,683*
	3,28,46,164	*3,28,46,164*	*3,28,46,164*

Notes to Consolidated Ind AS Financial Statements contd.

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
13. OTHER EQUITY			
Capital redemption reserve			
Balance as per last standalone financial statements	24,690	*24,690*	*17,283*
Add: Transfer from surplus in statement of profit and loss on redemption of preference shares*	—	—	*7,407*
Closing balance	**24,690**	*24,690*	*24,690*
Securities premium account			
Balance as per last standalone financial statements	**62,938**	*62,938*	*62,938*
General reserve			
Balance as per last standalone financial statements	25,245	*22,249*	*19,577*
Add: Transfer from statement of profit and loss	2,343	*2,996*	*2,672*
Closing balance	**27,588**	*25,245*	*22,249*
Cash flow hedge reserve			
Balance as per last standalone financial statements	—	—	—
Net movement on cash flow hedges (net of tax)	(330)	—	—
Closing balance	**(330)**	—	—
Surplus in the statement of profit and loss			
Balance as per last standalone financial statements	99,195	*75,989*	*60,831*
Add: Consolidated profit for the year	22,957	*29,830*	*26,229*
Add: Other comprehensive income	(253)	*(433)*	—
Less: Appropriations			
Final equity dividend [amount per share Rs. 1.15 (Previous year: Re.1)]	(3,041)	*(2,653)*	—
Tax on equity dividend	(624)	*(542)*	—
Dividend on preference shares [amount per share Rs. Nil (Previous year: Rs. 3)]	—	—	*(222)*
Tax on preference dividend	—	—	*(45)*
Transfer to general reserve	(2,343)	*(2,996)*	*(2,672)*
Transfer to capital redemption reserve	—	—	*(7,407)*
Depreciation adjustment (net of deferred tax)**	—	—	*(725)*
Closing balance	**1,15,891**	*99,195*	*75,989*
Total reserves and surplus	**2,30,777**	*2,12,068*	*1,85,866*

** Pursuant to the notification of Schedule II of the Companies Act, 2013 ("the Act"), by the Ministry of Corporate Affairs effective April 1, 2014, so as to conform to the requirements of the Act, the carrying value of Rs. 725 Lakhs (net of tax adjustment of Rs. 372 Lakhs), in respect of assets with nil revised remaining useful life as at April 1, 2014 had been reduced from the retained earnings as on such date.

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

	As at March 31, 2017	As at March 31, 2016
Distribution made and proposed		
Cash dividends on equity shares declared and paid:		
Dividend for the year ended March 31, 2016: Rs. 1.15 per share (March 31, 2015: Re. 1 per share)	3,041	2,653
Dividend distribution tax	624	542
	3,665	3,195
Proposed dividends on equity shares:		
Dividend for the year ended on March 31, 2017: Rs. 1.15 per share (March 31, 2016: Rs. 1.15 per share)	3,041	3,041
Dividend distribution tax	628	624
	3,669	3,665

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

	Non-current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
14. NON-CURRENT BORROWINGS						
Secured borrowings						
Foreign currency term loans						
External commercial borrowing from banks	5,403	25,795	43,466	19,809	20,269	15,995
Term loan from bank	—	—	12,518	—	13,267	—
Indian currency term loan from banks	13,000	—	2	—	2	2
	18,403	25,795	55,986	19,809	33,538	15,997
Unsecured borrowings						
Deferred payment liabilities	—	—	3,825	—	—	335
	—	—	3,825	—	—	335
Less: Amount disclosed under the head "Other financial liabilities"(Refer Note 15)	—	—	—	19,809	33,538	16,332
Total	**18,403**	25,795	59,811	—	—	—

Notes to Consolidated Ind AS Financial Statements contd.

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

Secured borrowings

Nature of security	Repayment and other terms
Foreign currency term loans	
DBS Bank Ltd: Rs. 14,407 Lakhs (March 31, 2016: Rs. 29,481 Lakhs, April 1, 2015: Rs. 31,295 Lakhs) secured by exclusive charge on immovable assets of the Holding Company located at Goa, Kalyani, 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 carries interest of 9.58% per annum payable on quarterly basis.
Rabobank International: Rs. 10,805 Lakhs (March 31, 2016: Rs. 16,583 Lakhs, April 1, 2015: Rs. 15,648 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.
Rabobank International: Rs. Nil (March 31, 2016: Rs. Nil, April 1, 2015: Rs. 12,518 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 after 3 years on February 6, 2016. The loan carried interest of 8.75% per annum payable on quarterly basis.
Citibank: Rs. Nil (March 31, 2016: Rs. 13,267 Lakhs, April 1, 2015: Rs. 12,518 Lakhs) secured by pari-passu charge on all movable and immovable fixed assets of the Holding Company, other than assets of Taloja unit.	Repayable after 24 months from the date of drawal i.e., on April 28, 2016. The loan carried interest of 9.75% per annum payable on monthly basis.
Indian currency term loan	
BNP Paribas: Rs. 13,000 Lakhs (March 31, 2016: Rs. Nil, April 1, 2015: Rs. Nil) 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 8.70% and 8.50% per annum payable on monthly basis.
NBFC: Rs. Nil (March 31, 2016: Rs. 2 Lakhs, April 1, 2015: Rs. 4 Lakhs) secured by hypothecation of vehicles.	Repayable in 36 equated monthly installments from the date of availment of loan i.e. December 11, 2013.

Unsecured borrowings

Deferred payment liability of Rs. Nil (March 31, 2016: Rs. Nil, April 1, 2015: Rs. 4,160 Lakhs) pertains to sales tax payable to the Government of Maharashtra by virtue of being eligible for deferred payment after having established a manufacturing unit in a notified backward area. This amount was repayable in five equal annual installments on completion of 10 years from the end of respective year to which sales tax liability relates. The Group has fully repaid this amount during the year ended March 31, 2016.

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

	Non-current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
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)	—	—	—	19,809	33,538	16,332
Liability for capital goods	—	—	—	3,434	2,379	3,524
Interest accrued but not due on borrowings	—	—	—	631	656	1,048
Security deposits	—	—	—	3,110	2,582	2,218
Unpaid dividends**	—	—	—	709	109	88
Salaries and bonus payable	773	—	—	2,751	3,019	1,818
Freight expenses payable	—	—	—	9,521	8,765	8,458
Other expenses payable	—	—	—	26,361	20,863	10,453
Total	**773**	—	—	66,701	71,911	43,939

* 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		
16. PROVISIONS						
Provision for employee benefits						
Gratuity	—	849	523	902	1,000	2,000
Compensated absences	—	—	—	3,185	2,667	2,479
	—	849	523	4,087	3,667	4,479
Other provisions						
Provision for litigations	—	—	—	2,897	2,644	2,041
Provision for claims	—	—	—	918	1,600	2,029
	—	—	—	3,815	4,244	4,070
Total	—	849	523	7,902	7,911	8,549

	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	2,644	253	—	—	2,897
	(2,041)	(1,569)	(-)	(966)	(2,644)
Provision for claims	1,600	—	—	682	918
	(2,029)	(-)	(-)	(429)	(1,600)

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.

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, 2017	*As at March 31, 2016*	*As at April 1, 2015*	*March 31, 2017*	*March 31, 2016*
17. DEFERRED TAX LIABILITY (NET)					
Deferred tax liabilities					
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	8,077	*9,754*	*9,870*	*(1,668)*	*(125)*
Fair valuation of cash flow hedges	—	*75*	*129*	*(75)*	*(54)*
	8,077	*9,820*	*9,999*	*(1,743)*	*(179)*
Deferred tax assets					
Allowance for doubtful debts and advances	1,431	*1,549*	*748*	*(118)*	*801*
Provision for gratuity and compensated absences	1,416	*1,558*	*1,728*	*(142)*	*(170)*
Fair valuation of cash flow hedges	90	—	—	*90*	—
Other provisions	445	*374*	*765*	*71*	*(391)*
	3,382	*3,481*	*3,241*	*(99)*	*240*
Net deferred tax liability	**4,695**	*6,339*	*6,758*		
Deferred tax credit				*(1,644)*	*(419)*
Reconciliation of movement in deferred tax liability (net)					
Balance at the beginning of the year	6,339	*6,758*			
Tax charge/(credit) during the year					
Recognised in profit and loss	(1,470)	*(419)*			
Recognised in OCI	(174)	—			
	(1,644)	*(419)*			
Balance at the end of the year	**4,695**	*6,339*			

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
18. CURRENT BORROWINGS			
Secured borrowings			
Foreign currency short-term loan from bank	4,841	—	—
Indian currency cash credit from banks	1,349	12,290	3,758
Indian currency working capital demand loan from bank	5,000	—	—
	11,190	12,290	3,758
Unsecured borrowings			
Indian currency commercial papers [2,000 of Rs. 5,00,000 each (March 31, 2016: Nil, April 1, 2015: 3,000 of Rs. 5,00,000 each)]	10,000	—	15,000
Indian currency bank overdraft	—	8,998	—
	10,000	8,998	15,000
Total	**21,190**	21,288	18,758

Secured borrowings

a) Foreign currency short-term loans is part of consortium facility and it is secured by first pari-passu charge on all current assets of the Holding Company namely stock of raw materials, semi finished and finished goods, stores and spares and not relating to plant & machinery (consumables, stores & spares), bills receivable and book debt of the present and the future. This facility is fully hedged and is repayable on July 19, 2017 and carries interest rate of 8.43%, payable on a monthly basis.

b) Cash credit facilities from banks are secured by first pari-passu charge on all current assets of the Holding Company namely stock of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts both present and future. These are repayable on demand and carries interest in the range of 8.30% to 10.00% p.a.

c) Indian currency working capital demand loan is part of consortium facility and it is secured by first pari-passu charge on all current assets of the Holding Company namely stock of raw materials, semi finished and finished goods, stores and spares and not relating to plant & machinery (consumables, stores & spares), bills receivable and book debt of the present and the future. This facility is repayable on April 15, 2017 and carries interest rate of 7.90% p.a.

Unsecured borrowings

a) Commercial papers are repayable after a term of 60 days from issue and carried interest rate of 9.20% p.a.

b) Bank overdraft were repayable on demand and carried interest in the range of 9.30% to 9.80% p.a.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
19. TRADE PAYABLES			
Total outstanding dues of micro and small enterprises (Refer Note 36 for details)	551	424	385
Total outstanding dues of creditors other than micro and small enterprises (including acceptances)*	45,404	41,335	37,601
Total	**45,955**	41,759	37,986

*Includes dues to related parties (Refer Note 38)

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
20. OTHER CURRENT LIABILITIES			
Statutory dues payable	45,531	44,077	40,729
Advances from customers	2,132	1,166	1,141
Advances from commission agents	889	529	1,359
Total	**48,552**	45,772	43,229

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

	March 31, 2017	March 31, 2016
21. REVENUE FROM OPERATIONS (GROSS OF EXCISE DUTY)		
Sale of products (including excise duty)*	10,00,549	9,38,941
Sale of services**	751	709
Other operating revenues	21,680	24,493
Total	**10,22,980**	9,64,143

* Includes sale of beer Rs. 9,93,895 Lakhs (Previous year: Rs. 9,32,453 Lakhs) and sale of malt Rs. 6,654 Lakhs (Previous year: Rs. 6,488 Lakhs).

** Royalty income

22. OTHER INCOME

	March 31, 2017	March 31, 2016
Interest income on fixed deposits, deposits and advances	263	239
Government grant*	3,107	762
Liabilities no longer required written back	134	2,476
Allowance for doubtful receivables, no longer required written back	1,158	1
Allowance for doubtful advances, no longer required written back	—	599
Fair value gain on financial instruments at fair value through profit or loss**	—	4,137
Other non-operating income	509	426
Total	**5,171**	8,640

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

** Relates to cross currency interest rate swaps that did not qualify for hedge accounting.

23. COST OF MATERIALS CONSUMED

	March 31, 2017	March 31, 2016
Raw materials		
Inventories at the beginning of the year	13,487	13,289
Add: Purchases	86,997	72,032
Less: Inventories at the end of the year	16,925	13,487
Consumption	**83,559**	71,834
Packing materials and bottles		
Inventories at the beginning of the year	9,083	6,684
Add: Purchases	1,36,334	1,38,470
Less: Inventories at the end of the year	9,977	9,083
Consumption	**1,35,440**	1,36,071
Total	**2,18,999**	2,07,905

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

	March 31, 2017	March 31, 2016
24. PURCHASES OF STOCK-IN-TRADE		
Beer	**825**	*5,289*

25. INCREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	March 31, 2017	March 31, 2016
Inventories at the beginning of the year		
Finished goods	15,798	*12,643*
Stock-in-trade	110	*148*
Work-in-progress	24,810	*23,036*
	40,718	*35,827*
Less: Inventories at the end 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*
Increase in inventories	**(3,728)**	*(4,891)*
Increase in excise duty on inventories	**1,696**	*3,791*
Total	**(2,032)**	*(1,100)*

26. EMPLOYEE BENEFITS EXPENSE*

	March 31, 2017	March 31, 2016
Salaries, wages and bonus	31,078	29,831
Gratuity expense [refer note (i) below]	681	669
Contribution to provident and other funds [refer note (ii) below]	1,626	1,492
Staff welfare expenses	2,243	1,868
Total	**35,628**	**33,860**

* Includes Rs. Nil (Previous year: Rs. 1,331 Lakhs) towards compensation for loss of office to erstwhile Managing Director, and is net of reversal of provision no longer required amounting to Rs. 617 Lakhs (Previous year: Rs. 424 Lakhs).

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Notes to Consolidated Ind AS Financial Statements contd.

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

(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, 2017	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*
a) Changes in the present value of the defined benefit obligation				
Obligations at beginning of the year	6,945	6,942	9,777	8,234
Current service cost	617	551	1,636	1,418
Interest cost	523	480	846	748
Benefits paid	(289)	(1,570)	(1,615)	(601)
Actuarial (gain)/loss	537	542	(12)	(22)
Obligations at end of the year	**8,333**	6,945	10,632	9,777
b) Change in fair value of plan assets				
Plan assets at the beginning of the year	5,096	4,419	9,859	8,304
Expected return on plan assets	459	362	882	755
Contributions during the year	2,015	2,005	1,630	1,401
Benefits paid	(289)	(1,570)	(1,615)	(601)
Actuarial gain/(loss)	150	(120)	—	—
Plan assets at end of the year	**7,431**	5,096	10,756	9,859
Actual return on plan assets	609	242	882	757
c) Benefit asset/(liability)				
Fair value of plan assets	7,431	5,096	10,756	9,859
Less: Present value of the defined benefit obligations	8,333	6,945	10,632	9,777
Benefit asset/(liability)	**(902)**	(1,849)	124	82
d) Cost charged to profit or loss under employee cost				
Current service cost	617	551	1,636	1,418
Interest cost	523	480	846	748
Expected return on plan assets	(459)	(362)	(882)	(755)
Net employee benefit expense*	**681**	669	1,600	1,411

*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.

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

	Gratuity		Provident fund	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
e) Re-measurement (gain)/loss recognised in other comprehensive income				
Actuarial (gain)/loss on liability	537	542	—	—
Actuarial (gain)/loss on assets	(150)	120	—	—
Net actuarial (gain)/loss	**387**	662	**—**	—
f) Major category of plan assets included in percentage of fair value of plan assets				
Government securities	—	—	5,264	4,732
Corporate bonds	—	—	5,492	5,127
Fund balance with insurance companies	7,431	5,096	—	—
Total	**7,431**	5,096	**10,756**	9,859

	Gratuity		Provident fund	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
g) The principal assumptions used in determining gratuity and provident fund obligations for the Company plans are as shown below:				
Discount rate	6.90%	7.70%	6.90%	7.70%
Estimated rate of return on plan assets	8.25%	8.25%	8.75%	8.20%-9.20%
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.

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

	March 31, 2017		March 31, 2016	
	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation (gratuity)				
Discount rate	(539)	611	(449)	508
Salary increase rate	586	(528)	491	(444)
Employee turnover	(106)	117	(71)	78

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.

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

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

	Gratuity		Provident fund	
	March 31, 2017	*March 31, 2016*	**March 31, 2017**	*March 31, 2016*
Within next 12 months	902	*1,000*	1,741	*1,500*
Between 1 to 5 years	4,166	*2,205*	3,804	*4,599*
Between 5 to 10 years	6,039	*6,656*	2,867	*3,813*
Total	**11,107**	*9,861*	**8,412**	*9,912*

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (Previous year: 7 years)

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

	March 31, 2017	*March 31, 2016*
Provident fund	1,147	*1,049*
Superannuation fund and national pension scheme	441	*407*
Employees state insurance fund	38	*36*
Total	**1,626**	*1,492*

	March 31, 2017	*March 31, 2016*
27. FINANCE COSTS		
Interest expense	5,807	*7,546*
Exchange difference regarded as adjustment to borrowing cost	—	*516*
Other borrowing costs	58	*45*
Total	**5,865**	*8,107*
28. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	27,884	*23,569*
Amortisation of intangible assets	821	*794*
Total	**28,705**	*24,363*

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

		March 31, 2017		*March 31, 2016*
29. OTHER EXPENSES				
Consumption of stores and spares		8,896		*9,903*
Power and fuel		14,076		*16,289*
Rent		3,671		*3,344*
Repairs and maintenance				
Plant and machinery		3,229		*4,491*
Buildings		274		*609*
Others		868		*1,187*
Insurance		882		*837*
Rates and taxes		11,470		*8,952*
Auditor remuneration				
Statutory audit fee	133		*132*	
Limited review fee	25		*25*	
Tax audit fee	17		*17*	
Others	22	197	*25*	*199*
Sales promotion expenses		35,932		*41,124*
Outward freight, halting and breakage expenses		31,085		*32,064*
Selling and distribution expense [net of reversal of Rs. 1,126 Lakhs (Previous year: Rs. 2,239 Lakhs)]		25,621		*21,257*
CSR expenditure (refer details below)		774		*651*
Bad debts/advances written off		4		*623*
Allowance for doubtful receivables		765		*2,915*
Allowance for doubtful advances		21		*30*
Net loss on sale of property, plant and equipment		7		*438*
Exchange differences (net)		(26)		*3,720*
Miscellaneous expenses		17,541		*19,432*
Total		**1,55,287**		*1,68,065*
Details of CSR expenditure				
Gross amount required to be spent by the group during the year		774		*651*
Amount spent during the year		727		*609*
Amount yet to be spent/paid		47		*42*
Total		**774**		*651*

Notes to Consolidated Ind AS Financial Statements contd.

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

	March 31, 2017	March 31, 2016
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	13,291	16,017
Deferred tax credit	(1,470)	(419)
Total	**11,821**	15,598
Other comprehensive income		
Deferred tax charge/(credit) on		
Re-measurement of defined benefit plan	134	229
Net movement in cash flow hedges	174	—
Total	**308**	229
Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:		
Accounting profit before income tax	**34,813**	45,465
Tax as per statutory income tax rate of 34.61% (Previous year: 34.61%)	12,049	15,735
Allowances/exemptions under Income tax	(986)	(841)
Non-deductible expenses for tax purposes		
CSR expenditure	268	225
Net loss on sale of fixed assets	2	152
Other non-deductible expenses	488	327
Income tax expense reported in statement of profit and loss account	**11,821**	15,598
Effective tax rate	**34%**	34%
31. NET MOVEMENT IN CASH FLOW HEDGES		
Fair value loss on cross currency interest rate swaps and forward contracts	(504)	—
Less: Reclassified to statement of profit or loss	—	—
	(504)	—
Deferred tax effect on above	174	—
Net movement in cash flow hedges	**(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	22,992	29,867
Weighted average number of equity shares considered for calculating basic/diluted EPS	26,44,05,149	26,44,05,149
Earnings per share (Basic/Diluted)	**8.70**	11.30

(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 36 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 12 to 36 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. 3,671 Lakhs (Previous year: Rs. 3,344 Lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2017	*March 31, 2016*
Within one year	660	*490*
After one year but not more than five years	20	—
More than five years	—	—
Total	**680**	*490*

34. CAPITAL AND OTHER COMMITMENTS

	March 31, 2017	*March 31, 2016*
a) Estimated amount of contract remaining to be executed (net of capital advances) on capital account and not provided for	3,272	*12,023*
b) Other contractual commitments	828	*1,760*
Total	**4,100**	*13,783*

For commitments relating to lease arrangements, refer Note 33.

35. CONTINGENT LIABILITIES

	March 31, 2017	*March 31, 2016*
a) Claims against the Company not acknowledged as debts*		
Income tax	29,586	*25,567*
Service tax	22,947	*22,946*
Sales tax	13,630	*12,312*
Excise duty	652	*225*
Water charges	3,055	*3,018*
Employee state insurance/provident fund	80	*51*
Others	4,892	*4,824*
b) Other money for which the Group is contingently liable		
Bank guarantees	2,301	*3,534*
Letter of credit	948	*1,219*
Total	**78,091**	*73,696*

* 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, 2017	March 31, 2016
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	551	*424*
- Interest due on above	17	*7*
Total	**568**	*431*
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	68	*34*
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	219	*151*

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 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 provided in the consolidated Ind AS financial statements. Information about geographical areas is as below:

	March 31, 2017	March 31, 2016
Revenue from external customers (gross of excise duty)		
India	10,22,502	*9,63,705*
Outside India	478	*438*
Total	**10,22,980**	*9,64,143*
The above information is based on the location of customers.		
Non-current operating assets		
India	1,86,333	*1,85,888*
Outside India	—	—
Total	**1,86,333**	*1,85,888*

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

(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 (effective August 1, 2015) Mr. Steven Bosch, Director, CFO (effective October 1, 2016) Mr. Kalyan Ganguly, Managing Director (till July 31, 2015) Mr. Henricus Petrus van Zon, Director, CFO (till September 30, 2016)
Relative of KMP	: Mrs. Suparna Bakshi Ganguly (Wife of Mr. Kalyan Ganguly) (till July 31, 2015)
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') Asia Pacific Breweries (Singapore) Pte. Ltd. ('APBS') 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. Roland Pirmez (till August 1, 2015) Mr. Sijbe Hiemstra (effective August 1, 2015) Mr. Frans Erik Eusman (effective August 1, 2015) Mr. Ernst Van De Weert (till July 23, 2015) Mr. Stephan Gerlich Mrs. Kiran Majumdar Shaw Mr. Madhav Bhatkuly Mr. Chugh Yoginder Pal Mr. Chhaganlal Jain Mr. Sunil Alagh

* The Securities and Exchange Board of India vide its order dated January 25, 2017 ("the SEBI Order") has restrained Dr. Vijay Mallya, Non-Executive Chairman of the Company, from holding position as Director or Key managerial person of any listed company with effect from the date of the said Order. The Company has accordingly taken effective steps following the SEBI Order in discussion with the Board of Directors.

Director of subsidiary	: Ms. Kanta Labroo
Key management personnel (KMP):	: Mr. Govind Iyengar, Company Secretary
Relative of director or KMP	: Mr. Umesh Hingorani Mrs. Jenbagalakshmi Iyengar (Wife of Mr. Govind Iyengar)
Private companies in which a director is a director (included in 'Others' below)	: Royal Challengers Sports Private Limited ('RCSPL') (till February 25, 2016)
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') United Spirits Limited ('USL') (till February 25, 2016)

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, 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
a) Transactions during the year										
Sale of products										
UBHL	—	—	582	295	—	—	—	—	—	—
HPPL	—	—	—	—	—	—	—	—	12,500	11,727
	—	—	**582**	295	**—**	—	**—**	—	**12,500**	11,727
Royalty income										
UBIUK	—	—	—	—	—	—	—	—	21	27
HPPL	—	—	—	—	—	—	—	—	5	8
	—	—	**—**	—	**—**	—	**—**	—	**26**	35
Purchase of materials										
HUL	—	—	—	—	—	—	—	2	—	—
HSCBV	—	—	—	—	—	—	4	4	—	—
HAPPL	—	—	—	—	—	—	—	1	—	—
	—	—	**—**	—	**—**	—	**4**	7	**—**	—
Sales promotion expenses										
KEBFTPL	1,075	1,025	—	—	—	—	—	—	—	—
UBHL	—	—	—	5	—	—	—	—	—	—
Force India	—	—	—	—	—	—	2,444	2,515	—	—
HIBV	—	—	—	—	—	—	—	8	—	—
HBBV	—	—	—	—	—	—	—	13	—	—
RCSPL	—	—	—	—	—	—	—	—	—	650
HPPL	—	—	—	—	—	—	—	—	162	135
	1,075	1,025	**—**	5	**—**	—	**2,444**	2,536	**162**	785
Rent expense										
UBHL	—	—	81	78	—	—	—	—	—	—
MFPL	—	—	—	—	—	—	—	—	159	157
BPPL	—	—	—	—	—	—	—	—	42	42
USL	—	—	—	—	—	—	—	—	—	2
	—	—	**81**	78	**—**	—	**—**	—	**201**	201
Technical service fees										
HIBV	—	—	—	—	—	—	600	600	—	—
	—	—	**—**	—	**—**	—	**600**	600	**—**	—

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, 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*
Royalty paid										
UBHL	—	—	518	*683*	—	—	—	—	—	—
HBBV	—	—	—	—	—	—	317	*256*	—	—
	—	—	**518**	*683*	**—**	—	**317**	*256*	**—**	—
Consultancy fees paid										
HSCBV	—	—	—	—	—	—	54	*60*	—	—
HIBV	—	—	—	—	—	—	14	—	—	—
	—	—	**—**	—	**—**	—	**68**	*60*	**—**	—
Reimbursements received										
UBHL	—	—	3	*3*	—	—	—	—	—	—
HAPPL	—	—	—	—	—	—	—	*2*	—	—
USL	—	—	—	—	—	—	—	—	—	*59*
	—	—	**3**	*3*	**—**	—	**—**	*2*	**—**	*59*
Reimbursements paid										
UBHL	—	—	17	*471*	—	—	—	—	—	—
HIBV	—	—	—	—	—	—	353	*231*	—	—
HBBV	—	—	—	—	—	—	12	—	—	—
HCR	—	—	—	—	—	—	41	*25*	—	—
APBS	—	—	—	—	—	—	—	*1*	—	—
HPPL	—	—	—	—	—	—	—	—	87	*66*
USL	—	—	—	—	—	—	—	—	—	*121*
	—	—	**17**	*471*	**—**	—	**406**	*257*	**87**	*187*
Rent received										
KEBFTPL	1	—	—	—	—	—	—	—	—	—
	1	—	**—**	—	**—**	—	**—**	—	**—**	—

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, 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*
Remuneration [Refer (a) below]										
Mr. Shekhar Ramamurthy	—	—	—	—	822	492	—	—	—	—
Mr. Kalyan Ganguly	—	—	—	—	—	669	—	—	—	—
Mr. Henricus Petrus van Zon	—	—	—	—	327	626	—	—	—	—
Mr. Steven Bosch	—	—	—	—	253	—	—	—	—	—
Mr. Govind Iyengar	—	—	—	—	161	135	—	—	—	—
Mr. Umesh Hingorani	—	—	—	—	111	93	—	—	—	—
Ms. Kanta Labroo	—	—	—	—	12	18	—	—	—	—
	—	—	**—**	—	**1,686**	2,033	**—**	—	**—**	—
Compensation for loss of office paid										
Mr. Kalyan Ganguly	—	—	—	—	—	1,331	—	—	—	—
	—	—	**—**	—	**—**	1,331	**—**	—	**—**	—
Sitting fee										
Dr. Vijay Mallya [Refer (b) below]	—	—	—	—	6	3	—	—	—	—
Mr. A K Ravi Nedungadi	—	—	—	—	11	5	—	—	—	—
Mr. Roland Pirmez	—	—	—	—	—	1	—	—	—	—
Mr. Sijbe Hiemstra	—	—	—	—	5	1	—	—	—	—
Mr. Frans Erik Eusman	—	—	—	—	8	2	—	—	—	—
Mr. Ernst Van De Weert	—	—	—	—	—	1	—	—	—	—
Mr. Stephan Gerlich	—	—	—	—	5	2	—	—	—	—
Mrs. Kiran Majumdar Shaw	—	—	—	—	5	3	—	—	—	—
Mr. Madhav Bhatkuly	—	—	—	—	8	1	—	—	—	—
Mr. Chugh Yoginder Pal	—	—	—	—	18	10	—	—	—	—
Mr. Chhaganlal Jain	—	—	—	—	19	10	—	—	—	—
Mr. Sunil Alagh	—	—	—	—	18	9	—	—	—	—
	—	—	**—**	—	**103**	48	**—**	—	**—**	—

(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, 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*
Director Commission										
Dr. Vijay Mallya [Refer (b) below]	—	—	—	—	64	*246*	—	—	—	—
Mr. A K Ravi Nedungadi					28	—				
Mr. Stephan Gerlich	—	—	—	—	28	*27*	—	—	—	—
Mrs. Kiran Majumdar Shaw	—	—	—	—	28	*27*	—	—	—	—
Mr. Madhav Bhatkuly	—	—	—	—	28	*27*	—	—	—	—
Mr. Chugh Yoginder Pal	—	—	—	—	28	*27*	—	—	—	—
Mr. Chhaganlal Jain	—	—	—	—	28	*27*	—	—	—	—
Mr. Sunil Alagh	—	—	—	—	28	*27*	—	—	—	—
	—	—	**—**	—	**260**	*408*	**—**	—	**—**	—
Dividend paid on preference shares										
SNIL	—	—	—	*222*	—	—	—	—	—	—
	—	—	**—**	*222*	**—**	—	**—**	—	**—**	—
Dividend paid on equity shares										
SNIL	—	—	1,035	*900*	—	—	—	—	—	—
UBHL [Refer (b) below]	—	—	326	*303*	—	—	—	—		
Dr. Vijay Mallya (including joint holdings) [Refer (b) below]	—	—	—	—	245	*214*	—	—	—	—
HUL	—	—	—	—	—	—	98	*85*	—	—
HIBV	—	—	—	—	—	—	176	*127*	—	—
	—	—	**1,361**	*1,203*	**245**	*214*	**274**	*212*	**—**	—

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, 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*
Investment in equity shares										
KEBFTPL	1	*1*	—	—	—	—	—	—	—	—
	1	*1*	**—**	—	**—**	—	**—**	—	**—**	—
Trade receivables (gross)										
HPPL	—	—	—	—	—	—	—	—	769	*953*
UBIUK	—	—	—	—	—	—	—	—	50	*60*
	—	—	**—**	—	**—**	—	**—**	—	**819**	*1,013*

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, 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*
Security deposits										
UBHL	—	—	65	*59*	—	—	—	—	—	—
Mrs. Suparna Ganguly									37	
Mrs. Jenbagalakshmi Iyengar	—	—	—	—	—	—	—	—	20	—
	—	—	65	*59*	—	—	—	—	57	—
Advance										
HSCBV	—	—	—	—	—	—	—	—	9	—
	—	—	—	—	—	—	—	—	9	—
Trade payables										
KEBFTPL	179	*150*	—	—	—	—	—	—	—	—
UBHL	—	—	319	*571*	—	—	—	—	—	—
HIBV	—	—	—	—	—	—	**480**	*558*	—	—
HBBV	—	—	—	—	—	—	72	*69*	—	—
HSCBV	—	—	—	—	—	—	14	—	—	—
BPPL	—	—	—	—	—	—	—	—	3	—
	179	*150*	319	*571*	—	—	566	*627*	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 a director (including his joint holdings) and United Breweries (Holdings) Limited, without its prior permission. Accordingly, the Holding Company has withheld payment of Rs. 571 Lakhs relating to dividend on aforesaid shares and the Holding Company would also withhold payment of proposed dividend for the year ended March 31, 2017 on aforesaid shares, which is subject to approval by the shareholders at 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 had 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 a director of the Holding Company. The Holding Company had accordingly withheld payment of Rs. 164 Lakhs (net of TDS) relating to director commission and sitting fees payable to the aforesaid director, which has been paid to the Tax Recovery Officer (TDS), Bengaluru based on an order dated November 30, 2016 received from the Commissioner of Income Tax (TDS). Subsequent to aforesaid payment to tax authorities, the Holding Company has further withheld payment of Rs. 45 Lakhs (net of TDS), relating to director commission and sitting fees payable to the aforesaid director.

(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, 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**
March 31, 2016								
United Breweries Limited, Parent	99.67%	2,14,265	105.72%	31,574	100.00%	(433)	105.80%	31,141
Maltex Malsters Limited, Indian subsidiary	0.21%	447	-5.84%	(1,744)	—	—	-5.93%	(1,744)
Non-controlling interest in subsidiary	0.12%	253	0.12%	37	—	—	0.13%	37
Total	**100.00%**	**2,14,965**	**100.00%**	**29,867**	**100.00%**	**(433)**	**100.00%**	**29,434**

Notes to Consolidated Ins AS Financial Statements contd.

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

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 Company's assets and liabilities is as below:

	Carrying amount	Fair values		
		Level 1	Level 2	Level 3
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	—	—
As at March 31, 2016				
Financial assets measured at fair value				
Cross currency interest rate swap	12,218	12,218	—	—
As at April 1, 2015				
Financial assets measured at fair value				
Cross currency interest rate swap	11,638	11,638	—	—

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, 2017.

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

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

a) Market risk

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

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's borrowings with floating interest rates. The Group 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. In the previous year, although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and offset the underlying transactions when they occur and hence the sensitivity for previous year have been calculated after considering impact of the same. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	March 31, 2017		March 31, 2016	
	1% increase	1% decrease	1% increase	1% decrease
Impact on consolidated profit before tax	193	(193)	213	(213)

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. 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, 2017		March 31, 2016		April 1, 2015	
		USD (in millions)	Rs. in Lakhs	USD (in millions)	Rs. in Lakhs	USD (in millions)	Rs. in Lakhs
Cross currency swaps*	Hedge of foreign currency loans- Principal and interest	39.00	25,212	89.00	59,331	115.00	71,979
Interest rate swaps*	Hedge against exposure to variable interest outflow on loans	39.00	25,212	89.00	59,331	115.00	71,979
Forward contracts	Hedge of foreign currency loans- Principal and interest	7.47	4,841	—	—	—	—

*Amount disclosed represents the underlying principal amount of loan.

Notes to Consolidated Ins AS Financial Statements contd.

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

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

	As at March 31, 2017	*As at March 31, 2016*	*As at April 1, 2015*
Capital advances	458	*417*	*344*
Advances to suppliers	3,637	*270*	*310*
Trade payables	1,326	*1,697*	*815*
Liability for capital goods	96	*337*	*74*

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. In the previous year, although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and offset the underlying transactions when they occur and hence the sensitivity for previous year have been calculated after considering impact of the same.

	March 31, 2017		*March 31, 2016*	
	1% increase	1% decrease	*1% increase*	*1% decrease*
Impact on consolidated profit before tax	27	(27)	*(13)*	*13*

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 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, 2017		*March 31, 2016*	
	1% increase	1% decrease	*1% increase*	*1% decrease*
Impact on consolidated profit before tax	260	(260)	*214*	*(214)*

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, 2017	*March 31, 2016*
Balance at the beginning of the year	4,332	*1,418*
Allowance recognised/(reversed) during the year, net	(393)	*2,914*
Balance at the end of the year	**3,939**	*4,332*

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

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, 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**
March 31, 2016				
Non-current borrowings	—	19,809	5,986	25,795
Current borrowings	21,288	—	—	21,288
Trade payables	41,759	—	—	41,759
Other financial liabilities	71,911	—	—	71,911
Total	**1,34,958**	**19,809**	**5,986**	**1,60,753**
April 1, 2015				
Non-current borrowings	—	33,538	26,273	59,811
Current borrowings	18,758	—	—	18,758
Trade payables	37,986	—	—	37,986
Other financial liabilities	43,939	—	—	43,939
Total	**1,00,683**	**33,538**	**26,273**	**1,60,494**

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, 2017	*As at March 31, 2016*	*As at April 1, 2015*
Non-current borrowings	14	18,403	*25,795*	*59,811*
Current maturities of non-current borrowings	15	19,809	*33,538*	*16,332*
Current borrowings	18	21,190	*21,288*	*18,758*
Less: Cash and cash equivalents	10	1,262	*336*	*622*
Less: Other bank balances	11	1,167	*1,067*	*697*
Net debt		**56,973**	*79,218*	*93,582*
Equity share capital	12	2,644	*2,644*	*2,644*
Other equity	13	2,30,777	*2,12,068*	*1,85,866*
Total capital		**2,33,421**	*2,14,712*	*1,88,510*
Gearing ratio		**24%**	*37%*	*50%*

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, 2017 and March 31, 2016.

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.

Meanwhile, vide notification dated April 9, 2016, the Government had allowed production of beer in the state of Bihar for export to outside states, however, vide notification issued on January 24, 2017, the Government has decided not to renew existing brewery licenses from the financial year 2017-18. The said notification also mentions that, upon application, permission shall be granted for manufacture of non-alcoholic drinks / beverages. Pursuant to this notification, 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, 2017, the Holding Company has property, plant and equipment (net) of Rs. 23,530 Lakhs, inventories (gross) of Rs. 844 Lakhs, trade receivables (gross) of Rs. 2,476 Lakhs and advances of Rs. 875 Lakhs at its units in Bihar. Management believes that the carrying amount of the aforesaid plant and equipment do not exceed their recoverable amount and is confident of utilization of aforesaid property, plant and equipment either for the new product line in Bihar relating to non-alcoholic beverages or for manufacturing units in other states. Provision aggregating to Rs. 1,324 Lakhs have been made against aforesaid inventories and trade receivable balances and no other adjustment has been considered necessary by the management in this regard.

44. FIRST TIME ADOPTION OF IND AS

These consolidated Ind AS financial statements, for the year ended March 31, 2017, are the first consolidated financial statements of the Group that are prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). Accordingly, the Group has prepared these consolidated Ind AS financial statements which comply with applicable Ind AS for periods ended on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these consolidated Ind AS financial statements, the Group's opening consolidated balance sheet was prepared as at April 1, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Previous GAAP financial statements, including the balance sheet as at April 1, 2015 and the consolidated financial statements as at and for the year ended March 31, 2016.

Exemptions applied

a) Ind AS 101 permits a first-time adopter to elect to continue with the carrying value of all of its property, plant and equipment as recognised in the consolidated financial statements as on the date of transition to Ind AS, as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary

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

adjustments for decommissioning liabilities. The exemption can also be used for intangible assets covered by Ind AS 38. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangibles at their Previous GAAP carrying value.

b) Ind AS 101 permits a first-time adopter to elect not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind AS). Accordingly, the Group has elected to measure all assets and liabilities arising out of business combinations that occurred before the date of transition to Ind AS at their Previous GAAP carrying values.

c) When an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with Ind AS 109. A first-time adopter may choose either fair value at the entity's date of transition to Ind AS in its separate financial statements or Previous GAAP carrying amount at that date, to measure its investment in subsidiary or associate that it elects to measure using a deemed cost. Accordingly, the Group has elected to measure its investment in subsidiary and associate using the Previous GAAP carrying amount as deemed cost.

d) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts/arrangements.

e) If a first-time adopter did not, under its Previous GAAP, recognise and measure a government loan at a below-market rate of interest on a basis consistent with Ind AS requirements, it shall use its Previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance Sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind AS. Accordingly, the Group has used its Previous GAAP carrying amount of the deferred payment liability at the date of transition to Ind AS as the carrying amount in the opening Ind AS Balance Sheet.

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Notes to Consolidated Ins AS Financial Statements contd.

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

Reconciliation of equity as on April 1, 2015 (date of transition to Ind AS)

	Footnotes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,77,099	—	1,77,099
Capital work-in-progress		9,016	—	9,016
Intangible assets		4,062	—	4,062
Goodwill on consolidation		2,421	—	2,421
Financial assets				
(i) Investments		6	—	6
(ii) Loans	(j)	19,334	(19,334)	—
(iii) Others	(b), (c), (d), (j)	—	12,372	12,372
Income tax assets (net)	(j)	—	8,205	8,205
Other non-current assets	(b), (c), (j)	443	7,816	8,259
		2,12,381	**9,059**	**2,21,440**
Current assets				
Inventories	(b), (c)	55,910	5,095	61,005
Financial assets				
(i) Trade receivables	(b), (c)	96,434	(3,256)	93,178
(ii) Cash and cash equivalents	(b), (c)	615	7	622
(iii) Bank balances other than (ii) above		697	—	697
(iv) Others	(d), (j)	22,372	(17,618)	4,754
Other current assets	(b), (c), (j)	48	26,546	26,594
		1,76,076	**10,774**	**1,86,850**
Total assets		**3,88,457**	**19,833**	**4,08,290**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		2,644	—	2,644
Other equity	(d), (f), (g)	1,82,417	3,449	1,85,866
		1,85,061	**3,449**	**1,88,510**
Non-controlling interests		217	10	227
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	(d)	51,158	8,653	59,811
Provisions	(c)	517	6	523
Deferred tax liability (net)	(g)	6,629	129	6,758
		58,304	**8,788**	**67,092**
Current liabilities				
Financial liabilities				
(i) Borrowings		18,758	—	18,758
(ii) Trade payables	(b), (c), (f)	34,270	3,716	37,986
(iii) Other financial liabilities	(b), (c), (d), (j)	—	43,939	43,939
Other current liabilities	(b), (c), (d), (f), (j)	79,826	(36,597)	43,229
Provisions	(f)	12,021	(3,472)	8,549
		1,44,875	**7,586**	**1,52,461**
Total equity and liabilities		**3,88,457**	**19,833**	**4,08,290**

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

Reconciliation of equity as on March 31, 2016

	Footnotes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,76,266	—	1,76,266
Capital work-in-progress		6,084	—	6,084
Intangible assets		3,538	—	3,538
Goodwill on consolidation		2,421	—	2,421
Financial assets				
(i) Investments		6	—	6
(ii) Loans	(j)	23,157	(23,157)	—
(iii) Others	(b), (c), (d), (j)	—	10,093	10,093
Income tax assets (net)	(j)	—	8,371	8,371
Other non-current assets	(b), (c), (j)	504	11,241	11,745
		2,11,976	**6,548**	**2,18,524**
Current assets				
Inventories	(b), (c)	60,578	8,227	68,805
Financial assets				
(i) Trade receivables	(b), (c)	1,14,308	(2,422)	1,11,886
(ii) Cash and cash equivalents	(b), (c)	323	13	336
(iii) Bank balances other than (ii) above		1,067	—	1,067
(iv) Others	(d), (j)	24,323	(18,139)	6,184
Other current assets	(b), (c), (j)	839	28,948	29,787
		2,01,438	**16,627**	**2,18,065**
Total assets		**4,13,414**	**23,175**	**4,36,589**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		2,644	—	2,644
Other equity	(a) to (h)	2,08,248	3,820	2,12,068
		2,10,892	**3,820**	**2,14,712**
Non-controlling interests		**243**	**10**	**253**
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	(d)	19,822	5,973	25,795
Provisions	(c)	839	10	849
Deferred tax liability (net)	(g)	6,264	75	6,339
		26,925	**6,058**	**32,983**
Current liabilities				
Financial liabilities				
(i) Borrowings		21,288	—	21,288
(ii) Trade payables	(b), (c), (d)	38,285	3,474	41,759
(iii) Other financial liabilities	(b), (c), (d), (j)	—	71,911	71,911
Other current liabilities	(b), (c), (d), (f), (j)	1,04,183	(58,411)	45,772
Provisions	(f)	11,598	(3,687)	7,911
		1,75,354	**13,287**	**1,88,641**
Total equity and liabilities		**4,13,414**	**23,175**	**4,36,589**

Notes to Consolidated Ins AS Financial Statements contd.

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

Reconciliation of profit and loss for the year ended March 31, 2016

	Footnotes	Previous GAAP	Adjustments	Ind AS
INCOME				
Revenue from operations (gross of excise duty)	(a), (b), (c)	9,16,916	47,227	9,64,143
Other income	(d), (f)	4,512	4,128	8,640
Total		**9,21,428**	**51,355**	**9,72,783**
EXPENSES				
Cost of materials consumed	(b), (c)	1,92,819	15,086	2,07,905
Purchase of stock-in-trade	(b)	7,176	(1,887)	5,289
Increase in inventories of finished goods, work-in-progress and stock-in-trade	(b), (c)	(717)	(383)	(1,100)
Excise duty on sale of goods	(a), (b), (c)	4,09,335	71,494	4,80,829
Employee benefits expense	(c), (e)	34,035	(175)	33,860
Finance costs	(d)	7,591	516	8,107
Depreciation and amortisation expense		24,363	—	24,363
Other expenses	(a), (b), (c), (d)	2,01,858	(33,793)	1,68,065
Total		**8,76,460**	**50,858**	**9,27,318**
Profit before tax		**44,968**	**497**	**45,465**
Tax expenses				
Current tax	(e)	15,788	229	16,017
Deferred tax credit	(g)	(365)	(54)	(419)
Total tax expenses		**15,423**	**175**	**15,598**
Profit for the year		**29,545**	**322**	**29,867**
Other comprehensive income (OCI)				
Items that will not be reclassified to profit or loss in subsequent periods				
Re-measurement losses on defined benefit plans	(e)	—	(662)	(662)
Income tax effect on above	(e)	—	229	229
		—	**(433)**	**(433)**
Total comprehensive income for the year		**29,545**	**(111)**	**29,434**

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

Foot notes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and profit and loss for the year ended March 31, 2016:

(a) Sale of products

Under Previous GAAP, sale of products was presented net of excise duty. However, under Ind AS, sale of products includes excise duty and excise duty on sale of products is separately presented on the face of statement of profit and loss. Thus, sale of products under Ind AS has increased by Rs. 408,625 Lakhs for the year ended March 31, 2016 with a corresponding increase in expenses.

Under Previous GAAP, sale of products was presented net of volume discount given to only primary customers and the volume discount given to secondary customers was included in sales promotion expenses under 'Other expenses'. Under Ind AS, sale of products are presented net of volume discounts given to all customers, including secondary customers. Thus, sale of products and sales promotion expenses for the year ended March 31, 2016 under Ind AS has reduced by Rs. 43,913 Lakhs.

Under Previous GAAP, breakages, cash discount and other reimbursements were recognised in respective expense heads under 'Other expenses'. Since realisation from the customers are net of these deductions / reimbursements, under Ind AS, these expenses have been netted off from sales. Thus, sale of products for the year ended March 31, 2016 under Ind AS has reduced by Rs. 5,886 Lakhs.

(b) Revenue recognition under agency arrangement

The arrangement with Wave Distilleries and Breweries Limited ('WDBL') has been considered an agency relationship based on principles of Ind AS 18 and accordingly its trial balance relating to operations of the Holding Company have been consolidated on a line by line basis. In Previous GAAP, net income from WDBL was recognised in other operating revenue under 'Revenue from operations'. The summary of adjustments made under Ind AS are as below:

	As at April 1, 2015	*As at March 31, 2016*
Non-current assets		
Financial assets - Others	*22*	*16*
Other non-current assets	—	*255*
Current assets		
Inventories	*3,966*	*7,101*
Trade receivables	*(3,265)*	*(2,433)*
Cash and cash equivalents	*2*	*5*
Other current assets	*5,899*	*4,449*
Total	*6,624*	*9,393*
Current liabilities		
Trade payables	*2,627*	*2,690*
Financial liabilities - Others	*971*	*1,407*
Other current liabilities	*3,026*	*5,296*
Total	*6,624*	*9,393*

Notes to Consolidated Ins AS Financial Statements contd.

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

	March 31, 2016
Revenue from operations (gross of excise duty)	83,022
Total	83,022
Cost of materials consumed	14,951
Increase in inventories of finished goods, work-in-progress and stock-in-trade	(416)
Excise duty on sale of goods	59,359
Other expenses	9,128
Total	83,022
Net impact on profit or loss	—

Also, on aforesaid consolidation, inter-unit transaction during the year ended March 31, 2016 relating to sale of products to WDBL of Rs. 2,726 Lakhs and purchase of stock-in-trade of Rs. 1,887 Lakhs from WDBL, have been eliminated.

(c) Leases

The arrangement with Winsome Breweries Limited ('WBL') have been treated as operating lease as per the requirements of Ind AS 17 and accordingly its trial balance relating to operations of the Holding Company have been consolidated on a line by line basis. In Previous GAAP, net income from WBL was recognised in other operating revenue under 'Revenue from operations'. The summary of adjustments made under Ind AS are as below:

	As at April 1, 2015	As at March 31, 2016
Non-current assets		
Financial assets - Others	(29)	(22)
Other non-current assets	184	184
Current assets		
Inventories	1,129	1,124
Trade receivables	9	11
Cash and cash equivalents	5	8
Other current assets	273	258
Total	1,571	1,563
Non-current liabilities		
Provisions	6	10
Current liabilities		
Trade payables	1,099	784
Financial liabilities - Others	94	270
Other current liabilities	372	499
Total	1,571	1,563

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

	March 31, 2016
Revenue from operations (gross of excise duty)	*19,571*
Total	*19,571*
Cost of materials consumed	*3,815*
Decrease in inventories of finished goods, work-in-progress and stock-in-trade	*33*
Excise duty on sale of goods	*12,135*
Employee benefits expense	*487*
Other expenses	*3,101*
Total	*19,571*
Net impact on profit or loss	*—*

Also, on aforesaid consolidation, inter-unit transaction during the year ended March 31, 2016 relating to sale of products to WBL of Rs. 954 Lakhs, have been eliminated.

(d) Derivative instruments and Foreign currency borrowings

The Group uses derivative financial instruments, such as cross currency interest rate swap contracts ('CCIRS') and forward currency contracts, to hedge its foreign currency risks and interest rate risks. Under Previous GAAP, the Group had designated these as economic hedges and applied economic hedge accounting principles to avoid profit or loss mismatch. Under Ind AS, the fair value of CCIRS and foreign exchange gain/loss on restatement of foreign currency borrowings are recognised. Accordingly, during the year ended March 31, 2016, gain on fair valuation of CCIRS of Rs. 4,137 Lakhs has been recognised under 'Other income' and loss on exchange restatement of foreign currency borrowings of Rs. 4,294 Lakhs, of which Rs. 516 Lakhs is recognised in finance costs and balance of Rs.3,778 has been recognised under 'Other expenses'. Also, as at April 1, 2015, fair valuation of CCIRS of Rs. 11,638 Lakhs and loss on exchange restatement of foreign currency borrowings of Rs. 11,264 Lakhs have been recognised and adjusted to reserves.

(e) Defined benefit obligations

Both under Previous GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind AS, re-measurement (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 return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with corresponding debit or credit to retained earnings through other comprehensive income. Thus, employee benefit cost for the year ended March 31, 2016 have been reduced by Rs. 662 Lakhs and re-measurement losses of Rs. 433 Lakhs (net of tax of Rs. 229 Lakhs), on defined benefit plans has been recognised in the other comprehensive income.

(f) Provision for proposed dividend

Under Previous GAAP, proposed dividend including dividend distribution tax was recognised as a provision in the period to which it was related, irrespective of when it was declared. Under Ind AS, a proposed dividend is recognised in the period in which it is declared by the Group (usually when approved by shareholders in a general meeting) or paid.

The Group declares dividend after period end. Therefore, provision of Rs. 3,204 Lakhs for the year ended March 31, 2015 recorded for dividend has been de-recognised against retained earnings on April 1, 2015. Similarly,

Notes to Consolidated Ins AS Financial Statements contd.

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

the proposed dividend (including tax thereon) for the year ended March 31, 2016 of Rs. 3,687 Lakhs recognised under Previous GAAP is reduced from provisions with corresponding impact on retained earnings.

Under Previous GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit. Under Ind AS, preference shares needs to be considered as liability and dividend needs to be treated as interest on liability. The Holding Company had fully redeemed its preference shares before March 31, 2015, however, dividend payable of Rs. 268 Lakhs (including tax thereon) for the year ended March 31, 2015 was included under 'Provision'. The same has been reclassified to 'Other financial liabilities'.

(g) Deferred tax

The Group has recognised fair values of CCIRS as per Ind AS, resulting in temporary differences. Accordingly, deferred tax is recognised on the same. On the date of transition, the net impact on deferred tax liabilities is Rs. 129 Lakhs and Rs. 75 Lakhs as on April 1, 2015 and March 31, 2016, respectively, and that on profit or loss for the year ended March 31, 2016 is Rs. 54 Lakhs.

(h) Other comprehensive income

Under Previous GAAP, the Group had not presented other comprehensive income separately. Hence, it has reconciled Previous GAAP profit or loss to total comprehensive income as per Ind AS.

(i) Statement of Cash flows

The transition from Previous GAAP to Ind AS did not have a material impact on statement of cash flows.

(j) Reclassifications

Following reclassification adjustments have been carried out as per Ind AS requirements:

i. Security deposits has been classified under financial assets instead of loans and advances as per Previous GAAP.

ii. Capital and other advances, Prepaid expenses and Balance with statutory/government authorities have been classified under other assets instead of loans and advance as per Previous GAAP.

iii. Advance income tax (net) has been classified as Income tax asset instead of loans and advances as per Previous GAAP.

iv. Current maturities of long term borrowings, liability for capital goods, interest accrued on borrowings, security deposits payable, unpaid dividends, salaries and bonus payable, freight expenses payable and other expenses payable have been classified under financial liabilities instead of current liabilities as per Previous GAAP.

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 17, 2017

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 17, 2017

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, 2016 – March 31, 2017

7. Sector(s) that the Company is engaged in (industrial activity code-wise):

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

- National Industrial Classification : Class – 1103
- Indian Trade Classification : Code – 22030000

8. Three key products/services that the Company manufactures/provides (as in 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 (yet to commence operations).
ii. Number of National Locations	:	The Company operates through 20 owned breweries and 8 contract breweries. The business activities are also carried out from Registered cum Corporate Office at Bengaluru and from Regional Sales Offices located at various places in India.

10. Markets served by the Company – Local / State / National / International:

UBL's brands are available across India and also in about 52 countries worldwide.

Section B: Financial Details of the Company

1. Paid up Capital (INR)	:	264.41 million
2. Total Turnover (INR)	:	102,282 million
3. Total profit after taxes (INR)	:	2,235 million

4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):

UBL spent on CSR activities during the financial year 2016-2017 Rs.72.70 Million, which constitutes 3.25% 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 includes inter alia Primary Health, Primary Education, Water conservation and providing Safe Drinking Water. In addition Sanitation, Hygiene and Environmental Sustainability have also been the Focus areas.

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.

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 covers 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 units of the Company are in conformance of international standards and have been accredited with various certifications like ISO 9001:2008 (Quality Management System); ISO 14001:2004 (Environmental Management System); ISO 22000:2005 (Food Safety Management System); OHSAS 18001:2007 (Occupational Health Safety Assessment System). The brands of the Company have been bestowed with various quality awards.								
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. 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 assesses 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 project 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 FY17 are provided in **Annexure - B** to the Directors' Report forming part of this Annual Report. A detailed Corporate Social Responsibility report is also sent to Shareholders separately from FY 2015-16 on various CSR initiattives undertaken by UBL at various locations. An electronic version of this Report is uploaded on UBL's website www.unitedbreweries.com. Internal periodicals are available on the Intranet portal.

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 Code is applicable to all Board Members and employees of the Company and affirmation to the compliance of the Code 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 at viz., www.unitedbreweries.com. The Code does not extend to other Stakeholders. However, our engagement checkpoints with our supplier consider adherence to ethical practices. Adequate measures have been taken to educate the employees and other stakeholders about the Code.

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, supplies, 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.**

   17 investors' complaints and 1517 consumer complaints were received during FY17 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. UBL believes in not just undertaking usage of materials that reduce the carbon footprint and are through a 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 50% of all input cost and thermal energy inputs about 5% of cost. The secondary packaging (cartons) are from recycle paper. In addition, the Company has recently signed an agreement for use of solar/wind energy for most of its electricity consumption at its 3 breweries located in Karnataka, for 90% of its power usage in that state. Additionaly, the Company has signed an agreement for installation of solar panels on roof tops of building or on the ground level, at 6 other breweries, for about 15% of the power used in those breweries. Solar power is being utilized in manufacturing and other activities like water heating, lighting etc.

   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 benefit 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 transportation, packaging materials, housekeeping, contract labours and the like from communities located in the vicinity of the breweries of the Company. Various steps have been taken for creating awareness and to ensure timely and regular supply of quality materials and services.

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   Yes. Measures for Waste minimization are undertaken by UBL at all its Breweries. UBL is committed to adopt best-in-class practices to reduce wastages during conversion of raw materials to finished goods. These measures are reviewed by the Management on regular intervals. Waste generated during the production operations is disposed/recycled in compliance with the applicable environmental laws. Maximum efforts are made to reduce the quantum of waste-water generated due to cleaning operations. Trade effluent generated 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 total water.

   The Company reuses patented glass bottles for bottling Beer. About 80% 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 scrap dealers directly back into Aluminium manufacturing companies. Paper scrap largely find it 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. We are constantly working towards adopting the best standards in environment. The manufacturing units of the Company comply with all environmental norms.

Principle 3:

Businesses should promote the wellbeing of all employees.

1. **Please indicate the Total number of employees:**
   The total number of permanent employees as on March 31, 2017 (excluding temporary/contractual/casual basis) is 2758.

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, 2017 is 5578.

3. **Please indicate the Number of permanent women employees:**
   As on March 31, 2017, there were 130 permanent women employees.

4. **Please indicate the Number of permanent employees with disabilities:**
   There are no employees with permanent disabilities as on March 31, 2017.

5. **Do you have an employee association that is recognized by Management?**
   There are various workers' union/association in the manufacturing units of the Company affiliated with recognised Trade Unions. The relations between the Management and workers' union/association are harmonious.

6. **What percentage of your permanent employees is members of this recognised employee association?**
   Approximately 47% (total unionised permanent workmen/total permanent employees including workmen) of permanent employees are members of recognised employees' unions/associations.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour / forced labour / involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

UBL 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	91.1%	90.96%
2.	Permanent Women Employees	100%	69%
3.	Casual/Temporary/Contractual Employees	100%	100%
4.	Employees with Disabilities	Not applicable	Not applicable

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. UBL has mapped its stakeholders as a part of its stakeholder's engagement process. UBL engages identified stakeholders through a constructive consultation and structures selection process. Engagement mechanism whereby each stakeholder group provides timely feedback and response through formal and informal channels are in place.

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, include CSR activities such as Primary Health, Primary Education and providing Safe Drinking Water. 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. The Company has not received any complaints of 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 FY17.

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. The Company gives high importance to compliance of environment laws of the country.

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? 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. The Company has taken two significant measures to reduce carbon footprint and global warming. Firstly, the entire steam requirement is sourced from agri-waste fuels by replacing coal/furnace oil. The Company has implemented energy generation through renewable sources at 6 of its breweries and shall implement in all breweries in a phased manner. These steps will definitely contribute towards reduction in Global warming. The Company uses recycled bottles for bottling of beer thereby protecting environment, reducing the carbon footprint in glass manufacture.

3. **Does the Company identify and assess potential environmental risk? Yes/No**

   Yes. The Company has a mechanism to identify and assess potential environmental risks. Every unit 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 tackled and reviewed by effective procedures of 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. The Company has commissioned a methane gas generator, to use gas produced in its Effluent Treatment Plant (ETP) in Sangareddy (Telangana), to produce electricity. This is under Clean Development Mechanism (CDM).

   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, renewable energy. All breweries use agro-waste as fuel in boilers which is a renewable energy source. Solar energy is also being used in several breweries. Details of measures taken in conservation of energy are mentioned in **Annexure-D** to the Directors' Report forming part of the Annual Report. Research and Development in our field of Business has played a significant role in the growth of the business.

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 the manufacturing units of UBL are within the permissible limits prescribed by Central Pollution Control Board/State Pollution Control Board (CPCB/SPCB) for the financial year being reported.

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.**

   Action has been taken with respect to Show cause notices received from CPCB/SPCB during the FY17.

Principle 7:

Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.**

   Yes. UBL is a member of All India Brewers' Association (AIBA) which voices concerns of the beer industry with the Government, media and other sectors of society.

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).**

   The All India Brewers' Association (AIBA) plays an important role in representing the beer industry for various policy advocacy in consultation with the trade and industry chambers and other Government departments while framing guidelines, rules etc.

   The Company has adopted a policy on consumption of Alcoholic Beverages which advocates responsible use of alcoholic beverages. The Policy also articulates Company's views on usage of alcoholic beverages and expresses its intolerance to alcohol abuse which may cause an unfavorable 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 and providing safe drinking water in the vicinity of the manufacturing units. Brief particulars of the CSR initiatives undertaken by UBL in FY17 are provided in the main section of this Annual Report. A detailed report on CSR is also sent separately.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

   UBL plants implements CSR projects through its in-house team in collaboration with NGOs around various manufacturing units of UBL 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 projects, a robust monitoring system has been put in place. 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. UBL Rajasthan has received awards and accolades for its exemplary contribution in the field of CSR. Several "Bhama Shah" Awards have been conferred upon UBL Rajasthan by the State Government for contribution to education.

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 and Providing Safe Drinking Water during FY17 was Rs. 72.70 million. Details of the CSR initiatives undertaken by UBL in FY17 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?**

   During the FY17, a total of 1517 Customer complaints (including 1514 grievances received by Consumer Services Cell) were received, out of which 1514 (99.80%) complaints were resolved and 3 (0.20%) complaints are pending.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   Yes. 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.**

   There are no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**

   UBL regularly conducts consumer research to recognize trends, address consumer need gaps and understand reasons for brand choice.

ANNEXURE - B: ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

[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 shall be focusing its CSR initiatives and channelizing the resources in a sustained manner.

   The Corporate Social Responsibility (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. 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)
Mr. Madhav Bhatkuly	-	Director (Non-Executive, Independent Director)

Financial Details Rs. in Million

3.	Average net profit of the company for last three financial years	3,868
4.	Prescribed CSR Expenditure (two percent of the above average net profit)	77.36
5.	**Details of CSR spent during the financial year:**	
	(a) Total amount to be spent for the financial year	77.36
	(b) Amount unspent, if any	4.66

(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 and Baikampady Industrial Area, Mangalore District, Bengaluru Rural District), Andhra Pradesh (Srikakulam), Telengana (Sangareddy), Odisha (Khurda), West Bengal (Kalyani), Tamil Nadu (Thiruvallur), Kerala (Palakkad & Cherthala), Bihar (Patna), Maharashtra (Aurangabad 2 Units), Goa (Ponda), Haryana (Dharuhera) and Punjab (Ludhiana)	15.88	13.15	13.15	Direct
	School Infrastructure Development and Enhancing Quality of Education		Rajasthan (10 villages in Tijara Block of Alwar District)	14.05	14.05	27.20	Sir Syed Trust
	Mini Science Centre Project		Seven Government Schools in Mysore District of Karnataka State.	2.31	2.31	29.51	Ace Education 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 and Nanjangud), Andhra Pradesh (Bantupalli village), Maharashtra (Waluj Industrial Area, Aurangabad District), Telengana (Mallepally, Medak District), Tamil Nadu (Arnavoyal & Kuthambakkam), Odisha (Khurda), West Bengal (Kalyani) and Rajasthan (Chopanki)	1.53	1.53	31.04	Direct

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Project or programs (1)Local area or other (2)Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) District expenditure on projects or programs (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
	Safe Drinking Water: Project 1	Safe drinking water	Five villages in Nelemangala and Bengaluru Rural District of Karnataka State.	4.14	4.14	35.18	Sarvodaya Integrated Rural Development Society (SIRDS)
	Safe Drinking Water: Project 2		Ten villages in Sangareddy District of Telengana State.	7.55	7.55	42.73	ASSIST
	Safe Drinking Water and Water Conservation: Project 3		Eleven villages of Aurangabad District of Maharashtra State.	8.85	8.85	51.58	Dilasa Janvikas Pratisthan
	Safe Drinking Water and Water Conservation: Project 4		Ten villages of Rewari District of Haryana State.	5.00	5.00	56.58	ABGUS
	Integrated Natural Resource Management	Environmental Sustainability	Ten villages in Tijara Block of Alwar District of Rajasthan State.	5.52	5.52	62.10	Sir Syed Trust
	Water Conservation		One village in Mangalore, Dakshina Kannada District of Karnataka State.	1.26	1.26	63.56	Vrutti Livelihoods Resource Centre
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, and Mangalore), Andhra Pradesh (Srikakulam), Telengana (Mallepally), Goa (Ponda), Kerala (Palakkad), Rajasthan (Chopanki), Maharashtra (Taloja and Aurangabad (one) unit), West Bengal (Kalyani)	5.47	5.47	68.83	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
4.	**Mid-Day Meal Programme**	Eradicating Hunger and Poverty	Twelve villages in Mangalore and Dakshina Kannada District)	2.00	—	—	Akshaya Patra Foundation
	SUB TOTAL			**73.56**	**68.83**		
5.	**Administrative Expenses**	Personnel Expenses	—	3.87	3.87	72.70	
	TOTAL			**77.43**	**72.70**	—	—

6. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.
7. The unspent amount during the previous financial year was spent in FY17.
8. Certain amounts though budgeted in FY17 for identified projects and which remained unspent, will be spent in the next financial year.

By Authority of the Board

August 10, 2017
Mumbai

Director / 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	52.21
6.	Total Assets	81.18
7.	Total Liabilities	81.18
8.	Investments	NIL
9.	Turnover	181.40
10.	Profit before taxation	10.79
11.	Provision for taxation	3.73
12.	Profit after taxation	7.06
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, 2017
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	5.64
6.	**Profit/Loss for the Year**	
	i. Considered in Consolidation	NIL
	ii. Not considered in Consolidation	3.61

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

August 10, 2017
Mumbai

Govind Iyengar
Company Secretary

Shekhar Ramamurthy
Managing Director
DIN: 00504801

Steven Bosch
Director & CFO
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:

- Continued focus on optimal work-in-process during off-season has reduced refrigeration load and consequently reduced energy consumption.
- LED lighting replacement done at Chopanki, Kothambakkam and Ludhiana Units.

Water Conservation:

- Installation and commissioning of Effluent Treatment Plant (ETP) tertiary Reverse Osmosis (RO) plant at Taloja Unit to reduce intake of fresh water.
- Commissioning of ETP Reverse Osmosis (RO) at Ludhiana Unit.

Capital investment on Energy Conservation:

- During FY17 UBL spent Rs.22.9 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 at Aranvoyal, Kothambakkam, Aurangabad, Chopanki, Khurda and Nelamangala 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 FY17 UBL spent Rs. 6.2 Million on Research & Development.

(C) Foreign Exchange Earnings and Outgo

	(Rupees in Million)
Foreign Exchange earned	47.80
Foreign Exchange used	1,488.00

ANNEXURE- E: FORM NO. MGT-9

Extract of Annual Return as on the Financial Year ended on 31st March 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN : L36999KA1999PLC025195

ii) Registration Date : May 13, 1999

iii) Name of the Company : UNITED BREWERIES LIMITED

iv) Category/Sub-Category of the Company : Manufacturing

v) Address of the Registered office and contact details : UB Tower, UB City, #24 Vittal Mallya Road
Bengaluru - 560 001, KARNATAKA.
Phone No.: 080-2227 2806 to 807, 3985 5000
Fax No.: 080-2221 1964 & 2222 9488
Email ID.: ublinvestor@ubmail.com

vi) Whether listed company : Yes

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Integrated Registry Management Services Private Limited,
#30, Ramana Residency, 4th Cross, Sampige Road,
Malleswaram, Bengaluru - 560 003, KARNATAKA.
Phone No.: 080-2346 0815 to 818
Fax No.: 080-2346 0819
Email ID.: irg@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service		% to total turnover of the company
1	Manufacture and Sale of Beer	Class-1103	Code-22030000	99.29%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Maltex Malsters Limited Add: Maltex House, P.B. No. 45, Rauni, Patiala, Punjab-147 001.	U15137PB1968PLC002895	Subsidiary	51%	2(87) of the Companies Act, 2013
2	Kingfisher East Bengal Football Team Private Limited Add: "Wallace House", 4, Bankshall Street, 1st Floor, Kolkata-700 001.	U91990WB1998PTC086852	Associate	49.99%	2(6) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

	Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
		Demat	Physical	Total number of Shares	% of Total Shares	Demat	Physical	Total number of Shares	% of Total Shares	
A.	**Promoters**									
	1. Indian									
	(i) Individual/HUF	2,13,53,620	–	2,13,53,620	8.08	2,13,53,620	–	2,13,53,620	8.08	–
	(ii) Central Govt.	–	–	–	–	–	–	–	–	–
	(iii) State Govt.(s)	–	–	–	–	–	–	–	–	–
	(iv) Bodies Corp.	5,98,35,310	–	5,98,35,310	22.63	5,79,35,310	–	5,79,35,310	21.91	–0.72
	(v) Banks/FIs	–	–	–	–	–	–	–	–	–
	(vi) Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(1)	**8,11,88,930**	**–**	**8,11,88,930**	**30.71**	**7,92,88,930**	–	**7,92,88,930**	**29.99**	**–0.72**
	2. Foreign									
	(a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
	(b) Other-Individuals	–	–	–	–	–	–	–	–	–
	(c) Bodies Corp.	11,41,77,828	–	11,41,77,828	43.18	11,60,32,613	–	11,60,32,613	43.88	0.70
	(d) Banks/FI	–	–	–	–	–	–	–	–	–
	(e) Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(2)	**11,41,77,828**	**–**	**11,41,77,828**	**43.18**	**11,60,32,613**	**–**	**11,60,32,613**	**43.88**	**0.70**
	Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	**19,53,66,758**	**–**	**19,53,66,758**	**73.89**	**19,53,21,543**	**–**	**19,53,21,543**	**73.87**	**-0.02**
B.	**Public Shareholding**									
	1. Institutions									
	(a) Mutual Funds	74,57,231	6,790	74,64,021	2.82	1,14,64,553	6,790	1,14,71,343	4.34	1.52
	(b) Banks/FI	19,92,767	3,960	19,96,727	0.76	4,87,779	3,960	4,91,739	0.19	–0.57
	(c) Central Govt.	2,39,196	660	2,39,856	0.09	2,41,596	660	2,42,256	0.09	0.00
	(d) State Govt.(s)	–	–	–	–	–	–	–	–	–
	(e) Venture Capital Funds	–	–	–	–	67,000	–	67,000	0.03	0.03
	(f) Insurance Companies	–	–	–	–	–	–	–	–	–
	(g) FIIs	4,48,88,796	–	4,48,88,796	16.98	4,18,43,729	–	4,18,43,729	15.83	–1.15
	(h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
	(i) Others (specify)	–	–	–	–	–	–	–	–	–
	Sub-Total (B)(1)	**5,45,77,990**	**11,410**	**5,45,89,400**	**20.65**	**5,41,04,657**	**11,410**	**5,41,16,067**	**20.47**	**–0.18**

	Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
		Demat	Physical	Total number of Shares	% of Total Shares	Demat	Physical	Total number of Shares	% of Total Shares	
B.	**2. Non-Institutions**									
	(a) Bodies Corp.									
	i) Indians	39,03,409	21,360	39,24,769	1.48	43,09,842	21,227	43,31,069	1.64	0.15
	ii) Overseas	–	–	–	–	–	–	–	–	–
	(b) Individuals									
	i) Individual shareholders holding nominal share capital up to Rs. 1 Lakh	59,16,654	23,97,287	83,13,941	3.14	59,30,462	22,95,273	82,25,735	3.11	–0.03
	ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	–	–	–	–	–	–	–	–	–
	iii) Others	–	–	–	–	–	–	–	–	–
	Trust	2,55,461	–	2,55,461	0.10	2,55,461	–	2,55,461	0.10	–
	NRI	2,94,387	1,79,285	4,73,672	0.18	2,64,715	1,67,258	4,31,973	0.16	–0.02
	Clearing Member	1,43,478	–	1,43,478	0.05	4,14,481	–	4,14,481	0.16	0.10
	Overseas Corporate Bodies	–	1,880	1,880	0.00	–	1,880	1,880	0.00	–
	Unclaimed Suspense Account	13,35,790	–	13,35,790	0.51	13,06,940	–	13,06,940	0.49	–0.01
	Sub-Total (B)(2)	**1,18,49,179**	**25,99,812**	**1,44,48,991**	**5.46**	**1,24,81,901**	**24,85,638**	**1,49,67,539**	**5.66**	**0.20**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**6,64,27,169**	**26,11,222**	**6,90,38,391**	**26.11**	**6,65,86,558**	**24,97,048**	**6,90,83,606**	**26.13**	**0.02**
C.	Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
	Sub Total (C)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
	Grand Total (A+B+C)	**26,17,93,927**	**26,11,222**	**26,44,05,149**	**100**	**26,19,08,101**	**24,97,048**	**26,44,05,149**	**100**	

IV. SHARE HOLDING PATTERN

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2016)			Shareholding at the end of the year (As on 31.03.2017)			% of Change in shareholding during the year
		No.of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No.of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. Vijay Mallya	1,49,333	0.06	–	1,49,333	0.06	–	–
2	Dr. Vijay Mallya & Sidhartha V Mallya	1,04,64,288	3.96	100.00	1,04,64,288	3.96	100.00	–
3	Dr. Vijay Mallya & Ritu Mallya	2,53,333	0.10	–	2,53,333	0.10	–	–
4	Dr. Vijay Mallya	1,04,86,666	3.97	100.00	1,04,86,666	3.97	100.00	–
5	Kamsco Industries Private Limited	55,23,636	2.09	41.26	55,23,636	2.09	41.26	–
6	The Gem Investment & Trading Company Private Limited	43,15,132	1.63	–	43,15,132	1.63	–	–
7	Mallya Private Limited	97,86,666	3.70	–	97,86,666	3.70	–	–
8	McDowell Holdings Ltd.	81,22,344	3.07	79.42	62,22,344	2.35	73.14	-6.28
9	United Breweries (Holdings) Limited	2,83,37,911	10.72	31.03	2,83,37,911	10.72	31.03	–
10	Pharma Trading Company Private Limited	15,14,366	0.57	0.04	15,14,366	0.57	0.04	–
11	Vittal Investments Limited	3,75,955	0.14	–	3,75,955	0.14	–	–
12	Devi Investments Private Limited	18,59,300	0.70	–	18,59,300	0.70	–	–
13	Scottish & Newcastle India Limited	8,99,94,960	34.04	–	8,99,94,960	34.04	–	–
14	Heineken UK Limited	84,89,270	3.21	–	84,89,270	3.21	–	–
15	Heineken International B.V.	1,52,65,858	5.77	–	1,71,20,643	6.48	–	0.70
16	UB Overseas Limited	4,27,740	0.16	–	4,27,740	0.16	–	–
	Total	**19,53,66,758**	**73.89**	**19.69**	**19,53,21,543**	**73.87**	**18.73**	**-0.96**

IV. SHARE HOLDING PATTERN

(iii) Change in Promoters' Shareholding

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No.of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	McDowell Holdings Limited	81,22,344	3.07	16.09.2016	-19,00,000	Invocation of Pledge	62,22,344	2.35
2	Heineken International B.V.	1,52,65,858	5.77	23.09.2016	18,54,785	Market Purchase	1,71,20,643	6.48
	Total	**2,33,88,202**					**2,33,42,987**	

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No.of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	ARISAIG PARTNERS (ASIA) PTE LTD. A/C ARISAIG INDIA FUND LTD	60,76,902	2.30	01.04.2016				
				31.03.2017			**60,76,902**	**2.30**
2	DERVIE TRADING P. LTD.	31,83,177	1.20	01.04.2016				
				20.05.2016	-20000	Transfer	31,63,177	1.20
				27.05.2016	-12500	Transfer	31,50,677	1.19
				30.06.2016	-6500	Transfer	31,44,177	1.19
				08.07.2016	39000	Transfer	31,83,177	1.20
				12.08.2016	-57299	Transfer	31,25,878	1.18
				18.11.2016	63500	Transfer	31,89,378	1.21
				30.12.2016	63000	Transfer	32,52,378	1.23
				06.01.2017	-63000	Transfer	31,89,378	1.21
				31.03.2017	63000	Transfer	32,52,378	1.23
				31.03.2017			**32,52,378**	**1.23**
3	ACACIA PARTNERS, LP	27,20,000	1.03	01.04.2016				
				31.03.2017		Transfer	27,20,000	1.03
				31.03.2017			**27,20,000**	**1.03**
4	TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD	25,65,000	0.97	01.04.2016				
				29.04.2016	-100000	Transfer	24,65,000	0.93
				06.05.2016	-900000	Transfer	15,65,000	**0.59**
				31.03.2017			**15,65,000**	**0.59**
5	SBI DUAL ADVANTAGE FUND - SERIES XIV	24,39,350	0.92	01.04.2016				
				08.04.2016	61	Transfer	24,39,411	0.92
				15.04.2016	42617	Transfer	24,82,028	0.94
				22.04.2016	5622	Transfer	24,87,650	0.94
				29.04.2016	138778	Transfer	26,26,428	0.99
				06.05.2016	8700	Transfer	26,35,128	1.00
				13.05.2016	105500	Transfer	27,40,628	1.04
				20.05.2016	97486	Transfer	28,38,114	1.07
				27.05.2016	1060000	Transfer	38,98,114	1.47
				03.06.2016	66	Transfer	38,98,180	1.47
				24.06.2016	52388	Transfer	39,50,568	1.49
				30.06.2016	-9	Transfer	39,50,559	1.49
				08.07.2016	160000	Transfer	41,10,559	1.55

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No.of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
	SBI DUAL ADVANTAGE FUND - SERIES XIV			29.07.2016	11034	Transfer	41,21,593	1.56
				05.08.2016	45190	Transfer	41,66,783	1.58
				12.08.2016	81000	Transfer	42,47,783	1.61
				02.09.2016	2001	Transfer	42,49,784	1.61
				30.09.2016	-1	Transfer	42,49,783	1.61
				07.10.2016	-23000	Transfer	42,26,783	1.60
				04.11.2016	38	Transfer	42,26,821	1.60
				11.11.2016	39	Transfer	42,26,860	1.60
				18.11.2016	-33997	Transfer	41,92,863	1.59
				25.11.2016	-14005	Transfer	41,78,858	1.58
				02.12.2016	-40000	Transfer	41,38,858	1.57
				09.12.2016	39	Transfer	41,38,897	1.57
				16.12.2016	-20000	Transfer	41,18,897	1.56
				23.12.2016	-140000	Transfer	39,78,897	1.50
				10.02.2017	-313000	Transfer	36,65,897	1.39
				17.02.2017	1	Transfer	36,65,898	1.39
				24.02.2017	-67000	Transfer	35,98,898	1.36
				03.03.2017	-1	Transfer	35,98,897	1.36
				31.03.2017			**35,98,897**	**1.36**
6	MERRILL LYNCH CAPITAL MARKETS ESPANA S.A.S.V	23,15,086	0.88	01.04.2016				
				08.04.2016	-374	Transfer	23,14,712	0.88
				15.04.2016	3149	Transfer	23,17,861	0.88
				22.04.2016	30077	Transfer	23,47,938	0.89
				29.04.2016	-32383	Transfer	23,15,555	0.88
				06.05.2016	-27596	Transfer	22,87,959	0.87
				13.05.2016	-200540	Transfer	20,87,419	0.79
				20.05.2016	-101570	Transfer	19,85,849	0.75
				27.05.2016	124187	Transfer	21,10,036	0.80
				03.06.2016	-76455	Transfer	20,33,581	0.77
				10.06.2016	223479	Transfer	22,57,060	0.85
				17.06.2016	-160979	Transfer	20,96,081	0.79
				24.06.2016	-60365	Transfer	20,35,716	0.77
				30.06.2016	15500	Transfer	20,51,216	0.78
				15.07.2016	86	Transfer	20,51,302	0.78
				12.08.2016	2	Transfer	20,51,304	0.78
				26.08.2016	88	Transfer	20,51,392	0.78
				31.03.2017			**20,51,392**	**0.78**

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No.of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
7	ACACIA INSTITUTIONAL PARTNERS. LP	21,98,500	0.83	01.04.2016				
				31.03.2017			**21,98,500**	**0.83**
8	NEW WORLD FUND INC	20,27,121	0.77	01.04.2016				
				31.03.2017			**20,27,121**	**0.77**
9	ICICI BANK LIMITED	19,63,865	0.74	01.04.2016				
				08.04.2016	-778	Transfer	19,63,087	0.74
				22.04.2016	-400	Transfer	19,62,687	0.74
				29.04.2016	816	Transfer	19,63,503	0.74
				06.05.2016	200	Transfer	19,63,703	0.74
				13.05.2016	-74	Transfer	19,63,629	0.74
				20.05.2016	-15	Transfer	19,63,614	0.74
				27.05.2016	165	Transfer	19,63,779	0.74
				03.06.2016	-128	Transfer	19,63,651	0.74
				10.06.2016	-1000	Transfer	19,62,651	0.74
				17.06.2016	-229	Transfer	19,62,422	0.74
				24.06.2016	-366	Transfer	19,62,056	0.74
				15.07.2016	261	Transfer	19,62,317	0.74
				22.07.2016	4	Transfer	19,62,321	0.74
				29.07.2016	6639	Transfer	19,68,960	0.74
				05.08.2016	11871	Transfer	19,80,831	0.75
				12.08.2016	-18585	Transfer	19,62,246	0.74
				19.08.2016	31	Transfer	19,62,277	0.74
				26.08.2016	95	Transfer	19,62,372	0.74
				02.09.2016	-190	Transfer	19,62,182	0.74
				09.09.2016	-90	Transfer	19,62,092	0.74
				16.09.2016	-15	Transfer	19,62,077	0.74
				23.09.2016	-59	Transfer	19,62,018	0.74
				30.09.2016	-150	Transfer	19,61,868	0.74
				07.10.2016	-66355	Transfer	18,95,513	0.72
				14.10.2016	-115531	Transfer	17,79,982	0.67
				21.10.2016	-9216	Transfer	17,70,766	0.67
				28.10.2016	58	Transfer	17,70,824	0.67

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No.of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
	ICICI BANK LIMITED			04.11.2016	6065	Transfer	17,76,889	0.67
				11.11.2016	-8	Transfer	17,76,881	0.67
				18.11.2016	-313930	Transfer	14,62,951	0.55
				25.11.2016	-149840	Transfer	13,13,111	0.50
				02.12.2016	-322840	Transfer	9,90,271	0.37
				09.12.2016	-63966	Transfer	9,26,305	0.35
				16.12.2016	-496	Transfer	9,25,809	0.35
				23.12.2016	-3803	Transfer	9,22,006	0.35
				30.12.2016	55	Transfer	9,22,061	0.35
				06.01.2017	-406	Transfer	9,21,655	0.35
				13.01.2017	-70	Transfer	9,21,585	0.35
				20.01.2017	398	Transfer	9,21,983	0.35
				27.01.2017	-348	Transfer	9,21,635	0.35
				03.02.2017	-79	Transfer	9,21,556	0.35
				10.02.2017	-275	Transfer	9,21,281	0.35
				17.02.2017	-24	Transfer	9,21,257	0.35
				24.02.2017	825	Transfer	9,22,082	0.35
				03.03.2017	-25	Transfer	9,22,057	0.35
				10.03.2017	6	Transfer	9,22,063	0.35
				17.03.2017	-274930	Transfer	6,47,133	0.24
				24.03.2017	-81250	Transfer	5,65,883	0.21
				31.03.2017	-147005	Transfer	4,18,878	0.16
				31.03.2017			**4,18,878**	**0.16**
10	ABU DHABI INVESTMENT AUTHORITY - LGLINV	17,19,056	0.65	01.04.2016				
				15.04.2016	-25000	Transfer	16,94,056	0.64
				22.04.2016	-289927	Transfer	14,04,129	0.53
				29.04.2016	-158669	Transfer	12,45,460	0.47
				06.05.2016	-6766	Transfer	12,38,694	0.47
				20.05.2016	-80065	Transfer	11,58,629	0.44
				27.05.2016	-52365	Transfer	11,06,264	0.42
				03.06.2016	-668497	Transfer	4,37,767	0.17
				08.07.2016	-357162	Transfer	80,605	0.03
				31.03.2017			**80,605**	**0.03**

(v) Shareholding Pattern of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding at the beginning of the year		Date of change	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Dr. Vijay Mallya#, Non-Executive Chairman	2,13,53,620	8.08	–	–	–	2,13,53,620	8.08
2	Mr. Shekhar Ramamurthy, Managing Director	1,150	0.0004	–	–	–	1,150	0.0004
3	Mr. Sunil Kumar Alagh	–	–	24.06.2016	1,000	Market Purchase	1,000	0.0003
4	Mr. Steven Bosch, Director & Chief Financial Officer*	–	–	–	–	–	–	–
5	Mr. Govind Iyengar, Senior Vice President & Company Secretary	–	–	–	–	–	–	–

* Mr. Steven Bosch replaced Mr. Henricus Petrus van Zon as Director w.e.f. September 01, 2016.
# Refer Note in Page 33.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs. In Lakhs

	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
i) Principal Amount	71,621	8,998	–	80,619
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued due but not due	656	–	–	656
Total (i+ii+iii)	**72,277**	**8,998**	–	**81,275**
Change in Indebtedness during the financial year				
Addition	–	–	–	–
Reduction	-22,244	1,002	–	-21,242
Exchange Difference	–	–	–	–
Net Change	**-22,244**	**1,002**	**–**	**-21,242**
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	49,402	10,000	–	59,402
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued due but not paid	631	–	–	631
Total (i+ii+iii)	**50,033**	**10,000**	**–**	**60,033**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Rs. In Lakhs

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shekhar Ramamurthy Managing Director	**Henricus Petrus van Zon*** Director & Chief Financial Officer (April 2016 to August 2016)	**Steven Bosch*** Director & Chief Financial Officer (September 2016 to March 2017)	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	583.65	393.69	171.79	1,149.13
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	146.21	26.23	58.99	231.43
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	102.12	28.36	9.36	139.84
2	Stock Option	N.A.	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.	N.A.
4	Commission				
	- as % of profit	N.A.	N.A.	N.A.	N.A.
	- Others	–	–	–	–
5	Others	–	–	–	–
6	**Total (A)**	**831.98**	**448.28**	**240.14**	**1,520.40**
	Ceiling as per the Act	Rs. 3,664 Lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

* Mr. Steven Bosch replaced Mr. Henricus Petrus van Zon as Director w.e.f. September 01, 2016.

B. Remuneration to other directors:

Rs. In Lakhs

Sl. No.	Particulars of Remuneration	Name of the Directors										Total Amount
		Dr. Vijay Mallya#	**A K Ravi Nedungadi**	**Sijbe Hiemstra**	**Frans Erik Eusman**	**Chugh Yoginder Pal**	**Chhaganlal Jain**	**Sunil Kumar Alagh**	**Kiran Mazumdar Shaw**	**Madhav Bhatkuly**	**Stephan Gerlich**	
1	Independent Directors											
	Fee for attending board/committee meetings	–	–	–	–	18.00	18.50	18.00	5.00	8.00	4.50	72.00
	Commission	–	–	–	–	27.71	27.71	27.71	27.71	27.71	27.71	166.26
	Others	–	–	–	–	–	–	–	–	–	–	0.00
	Total (1)	–	–	–	–	**45.71**	**46.21**	**45.71**	**32.71**	**35.71**	**32.21**	**238.26**
2	Other Non-Executive Directors											
	Fee for attending board/committee meetings	5.50	10.50	5.00	8.00	–	–	–	–	–	–	29.00
	Commission	64.22	27.71	–	–	–	–	–	–	–	–	91.93
	Others	–	–	–	–	–	–	–	–	–	–	–
	Total (2)	**69.72**	**38.21**	**5.00**	**8.00**	–	–	–	–	–	–	**120.93**
	Total (B)=(1+2)	**69.72**	**38.21**	**5.00**	**8.00**	**45.71**	**46.21**	**45.71**	**32.71**	**35.71**	**32.21**	**359.19**
	Total Managerial Remuneration *											1,879.59
	Overall Ceiling as per the Act	Rs. 363 Lakhs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)										

* Total remuneration to Managing Director, Whole-time Directors and other Directors (being the total of A and B)

Refer Notes in Page 45 relating to Sitting Fee and Commission to Dr. Vijay Mallya.

C. Remuneration to Key Managerial Personnel Other than MD/MANAGER/WTD:

Rs. In Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Govind Iyengar Senior Vice President – Legal & Company Secretary	**Total Amount**
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	100.93	100.93
	(b) Value of perquisites u/s 17(2) of the Income–tax Act, 1961	35.63	35.63
	(c) Profits in lieu of salary u/s 17(3) of the Income–tax Act, 1961	15.90	15.90
2	Stock Option	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.
4	Commission		
	– As % of profit	N.A.	N.A.
	– Others	—	—
5	Others, please specify	—	—
6	**Total (A)**	**152.46**	**152.46**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT COURT)	Appeal made, if any (give details)
A. Company					
Penalty	–	NIL	NIL	–	–
Punishment	–			–	–
Compounding	80(1)d)			–	–
B. Directors					
Penalty	–	NIL	NIL	–	–
Punishment	–			–	–
Compounding	80(1)d)			–	–
C. Other Officers in Default					
Penalty	–	NIL	NIL	–	–
Punishment	–			–	–
Compounding	80(1)d)			–	–

By Authority of the Board

Shekhar Ramamurthy
Managing Director
DIN:00504801

Steven Bosch
Director & CFO
DIN:07573930

August 10, 2017
Mumbai

ANNEXURE - F: FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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. 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 the brewing industry;

vii. Legal Metrology Act, 2009 & Legal Metrology (Packaged Commodities) Rules, 2011;

viii. Prevention of Food Adulteration Act, 1954;

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 complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above wherever applicable.

I further report that:

Subject to my observation below, 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.

The Securities and Exchange Board of India vide its Order dated January 25, 2017, has inter alia restrained Dr. Vijay Mallya, Non-Executive Chairman of the Company, from holding the position as Director or Key Managerial Person of any listed Company. Thereafter, the Board of the directors of the Company have decided not to send the notices and agenda relating to Board meetings and/or privileged information to Dr. Mallya, till such time he obtains stay of the SEBI Order and requested him to step down from directorship of the Company as there is no stay or vacation of the said SEBI order.

Subject to my observation as above, adequate notice is 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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: May 17, 2017

ANNEXURE - G: ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE REPORT

Own Manufacturing Network

ANDHRA PRADESH – SRIKAKULAM	TAMIL NADU – KUTHAMBAKKAM & ARANVOYAL
TELANGANA – MALLEPALLY & KOTHLAPUR	PUNJAB – LUDHIANA
GOA – PONDA	WEST BENGAL – KALYANI
KERALA - CHERTHALA & PALAKKAD	RAJASTHAN – CHOPANKI & SHAHJAHANPUR
KARNATAKA - MANGALORE, NELMANGALA & MYSORE	MAHARASHTRA - TALOJA & AURANGABAD (2) UNITS
ODISHA – KHURDA	BIHAR - NAUBATPUR
HARYANA – DHARUHERA	

Contract Manufacturing Network

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

REGISTERED OFFICE:
"UB TOWER", UB CITY, #24, VITTAL MALLYA ROAD, 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

Non Mandatory Requirements

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

b) 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 Chairman and CEO:
The position of Chairman and Managing Director are held by separate persons.

e) Reporting of Internal Auditor:
The Internal Auditor makes presentation of Internal Audit Report before the Au2dit 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 2016-2017, 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: Mumbai
Date: August 10, 2017

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2016 to March 31, 2017. 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 Regulation 17 to 27 of 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, is "… restrained from holding the position as Director or Key Managerial Personnel of any listed company" with effect from the date of said Order.

(ii) The Independent Directors of United Breweries Limited at their meeting held on 06.02.2017 have Resolved that "… no Board papers or privileged information is sent to Dr. Mallya with immediate effect and that until such time that the SEBI Order is either stayed or vacated, Dr. Mallya should not participate in any Board meetings". The said decision was later confirmed by the Board at its meeting held on 08.02.2017.

(iii) Dr. Vijay Mallya has also been requested to step down from the Board of United Breweries Limited until the SEBI Order is stayed or vacated. The Company informed Dr. Mallya and Stock Exchanges accordingly.

(iv) Pursuant to the decision of the Board at its meeting held on July 4, 2017, the Company communicated on July 6, 2017 to Dr. Mallya and his associate companies (promoters of UBL) to nominate a Director on the Board in his place in terms of the Articles of Association of the Company.

(v) On August 07, 2017, the Company received letter dated August 04, 2017 from SEBI observing that Vijay Mallya has still been disclosed as Non-Executive Director and Chairman of United Breweries Limited (UBL) on the BSE Website and advised the Company to provide information on (a) Whether Vijay Mallya has acted/ is acting as Director of UBL from the date of passing of SEBI Order, and (b) Steps taken by UBL to comply with the SEBI Order with respect to directions of restraining Vijay Mallya from holding any position as director in any listed company.

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 HBP & Co.
Company Secretaries

Pramod S M
Partner
Membership No. FCS 7834
CP No. 13784

August 10, 2017

Board of Directors

Mr. Shekhar Ramamurthy *(Managing Director)*

Mr. Steven Bosch *(Director & CFO)*

Mr. A. K. Ravi Nedungadi *(Non-executive Director)*

Mr. Sijbe Hiemstra *(Non-executive Director)*

Mr. Frans Erik Eusman *(Non-executive Director)*

Mr. Chhaganlal Jain *(Independent Director)*

Mr. Chugh Yoginder Pal *(Independent Director)*

Mr. Sunil Kumar 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 & CFO)*

Mr. Cedric Vaz *(Executive Vice President - Manufacturing)*

Mr. Manmohan S. Kalsy *(Executive Vice President - HR)*

Mr. Kiran Kumar *(Executive Vice President - Sales)*

Mr. Perry Goes *(Senior Vice President - Strategic Planning & Business Analysis)*

Mr. Samar Singh Sheikhawat *(Senior Vice President - Marketing)*

Mr. Govind Iyengar *(Senior Vice President - Legal & Company Secretary)*

Mr. Rohtash Kumar Jindal *(Senior Vice President - Operations & Malting)*

Mr. Radhakrishnan Santosh Kumar *(Senior Vice President - Procurement & Logistics)*

Mr. C. Gouri Shankar *(Senior Vice President - Operations)*

UNITED BREWERIES LIMITED

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Phone: 080-39855000, 22272806/07, Fax: 080-22211964, 22229488
CIN: L36999KA1999PLC025195, E-mail: ublinvestor@ubmail.com
Website: www.unitedbreweries.com

The King Of Good Times	Live The Ultra Life	Live Life To The MAX	Swag mera Style	Blue Freedom	Life Is Delicious	Open Your World