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Independent Limited Assurance Statement to United Breweries Limited related to its disclosure in Annual Report on Corporate Social Responsibility (CSR) for the Financial Year 2016-17

To,
The Management of United Breweries Limited
UB Tower, Level 5, UB City | Vittal Mallya Road
Bangalore 560001 | India

KPMG in India (“KPMG” or “We”) have been engaged by United Breweries Limited ('UBL' or 'The Company') to provide limited assurance on the Board’s report on CSR Activities ('CSR Annual Report format') disclosed in UBL’s Annual Report for FY 2016-17, in accordance with Section 135 (2) of Companies Act, 2013 read with Rule 8 of Companies (Corporate Social Responsibility) Rule, 2014 ('CSR Rules, 2014') that is based on our work performed and the evidence obtained for the selected samples.

United Breweries Limited’s Responsibilities

The management of UBL is responsible for the preparation and presentation of the report in accordance with provisions of Companies Act, 2013, that is free from material misstatement and for the information contained therein.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the CSR Annual Report format that are free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to examine the CSR Annual Report format prepared by UBL and to report thereon in the form of an independent limited

assurance conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) , Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. The standard requires that we comply with applicable ethical requirements, including independence requirements and that we plan and perform the engagement to obtain a limited assurance about whether the report is free from material misstatement.

The firm applies International Standard on Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedure selected depends on our understanding of the CSR processes undertaken by UBL and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. Our work included the following procedures involving a



range of evidence-gathering activities as explained below:

- Interaction with the UBL Corporate CSR Team, the implementation partners (NGOs) and local beneficiaries;
- Review of CSR policy and governance structure;
- Review of the CSR processes in place for project planning and implementation;
- Assessment of processes and CSR related data to check consistency with the requirements of the Companies Act, 2013;
- Testing the reliability of underlying data and information provided by UBL Corporate CSR team with the documents and practices being followed on site.

As part of the verification process, we have visited the following project sites identified by UBL:

- a. Safe Drinking Water Project in Nelamangala, Karnataka
- b. Mini Science Centre Project in Mysore, Karnataka
- c. Safe Drinking Water Project in Sanga Reddy District, –Telangana
- d. Water Conservation Project in Aurangabad, Maharashtra
- e. School Adoption Program and Integrated Natural Resource Management Project in Bhiwadi, Rajasthan

In obtaining an understanding of the CSR processes and other engagement circumstances we have considered the process used to prepare the CSR Annual Report format in order to design assurance procedures that are appropriate in the circumstance, but not for the purpose of expressing a conclusion as to the effectiveness of UBL's process or internal control over the preparation of the CSR Annual Report format.

Our scope of assurance includes assessment of CSR expenditure for the period of 01 April 2016 to 31 March 2017 in line with Section 135 of Companies Act 2013, CSR Rules 2014 and related notifications.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Limitations in Conducting the Assurance

Our assurance process was subject to the following limitations:

- Verification was limited to the project implementation, monitoring & evaluation and CSR expenditure disbursed on mutually selected six sample CSR projects for the period 01 April 2016 to 31 March 2017. Data and information outside this reporting period was not subject to verification. The sample projects selected involved a total CSR expenditure of INR 42.42 Million representing 56.39% of the overall CSR expenditure in the financial year 2016-17.
- Any statement remarks/ comments indicating intention, opinion, belief and/ or aspiration by UBL were excluded from the scope of assurance.
- Verification did not include computation of net profit under section 198 of Companies Act, 2013 and statement under article 6 of the CSR Annual Report format.

Assurance Standards and Guidelines Used

We conducted the assurance in accordance with:

- Limited Assurance requirements of International Federation of Accountants'



(IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised) , Assurance Engagements Other than Audits or Reviews of Historical Financial Information

- Section 135 of Companies Act, 2013 along with CSR Rules, 2014 and all related notifications as on 9th June 2015.

Our Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to not to believe that the information in CSR Annual Report format for the period 01 April 2016 to 31 March 2017 is presented fairly, in all material aspects, in accordance with requirements of Section 135 of Companies Act, 2013 read with CSR Rules, 2014.

Minor data transcription and calculation errors were detected but the same was resolved during the assurance process. In accordance with the terms of our engagement, this independent assurance report has been prepared for the management of UBL solely in connection with compliance to requirements of Section 135 of Companies Act 2013, and for no other purpose in any other context.

Restrictions of Use of-Our Report

Our report should not be regarded as suitable to be used or relied by any party wishing to acquire rights against us other than UBL for any purpose or in any context. Any party other than UBL who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. We accept or assume no responsibility and deny any liability to any party other than UBL for our work, for this independent limited assurance report, or for the conclusions we have reached. Our report is released to UBL

on the basis that it shall not be copied, referred to or disclosed, in whole (save for UBL's own internal purposes) or in part, without our prior written consent.

Santhosh Jayaram
Partner
KPMG



**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 three major areas viz., Primary Health, Primary Education 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 as on March 31, 2017 is as follows:

Mr. Shekhar Ramamurthy	-	Managing Director
Mr. Steven Bosch	-	Director (Chief Financial Officer)
Ms. Kiran Mazumdar Shaw	-	Director (Non-Executive, Independent Director)
Mr. Sunil Alagh	-	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	4.00



(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 vocation 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	1. 15.68 2. Nil	15.68	Direct
2.	School Infrastructure Development and Enhancing Quality of Education	Promotion of education and vocation skills.	Rajasthan (10 villages in Tijara Block of Alwar District)	14.05	1. 10.95 2. 3.10	20.07	Sir Syed Trust
3.	Mini Science Centre Project	Promotion of education and vocation skills.	Karnataka (7 Government Schools in Mysore District)	2.31	1. 1.75 2. 0.56	6.31	Ace Education Trust
4.	Water Management Maintaining quality of water and providing water tanks and safe drinking water and conservation.	Ensuring Making available safe drinking water and Ensuring Environmental Sustainability	1. Local Area in the vicinity of our Brewery locations. 2. State and Units: Karnataka (Nelamangala, Bengaluru rural district, Nanjangud), Telengana (Mallepally, Medak District), Andhra Pradesh (Bantupalli village), Maharashtra (Waluj Industrial Area, Aurangabad District), Tamil Nadu (Arnavoyal & Kuthambakkam), Odisha (Khurda), West Bengal (Kalyani) and Rajasthan (Chopanki)	1.53	1.1.53 2. Nil	1.53	Direct
5.	Safe Drinking Water: Project 1	Making available safe drinking water	Karnataka (5 Villages in Nelamangala, Bengaluru rural district)	4.14	1. 3.71 2. 0.43	7.74	Sarvodaya Integrated Rural Development Society (SIRDS)
6.	Safe Drinking Water: Project 2	Making available safe drinking water	Telangana (10 Villages in Sangareddy District)	7.55	1. 6.77 2. 0.78	12.58	ASSIST



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
7.	Safe Drinking Water and Water Conservation: Project 3	Making available safe drinking water and Ensuring Environmental Sustainability	Maharashtra (11 Villages of Aurangabad District)	8.85	1. 7.08 2. 1.77	13.35	Dilasa Janvikas Pratishthan
8.	Safe Drinking Water and Water Conservation: Project 4	Making available safe drinking water and Ensuring Environmental Sustainability	Haryana (10 villages of Rewari District)	5.00	1. 4.60 2. 0.40	5.00	ABGUS
9.	Integrated Natural Resource Management	Ensuring Environmental Sustainability	Rajasthan (10 villages in Tijara Block of Alwar District)	5.52	1. 4.11 2. 1.41	5.52	Sir Syed Trust
10	Water Conservation	Ensuring Environmental Sustainability	Karnataka (1 Village in Mangalore, Dakshina Kannada District)	1.26	1. 0.46 2. 0.80	1.26	Vrutti Livelihoods Resource Centre
11.	Primary Health Free Medicine for underprivileged people, Health Care activities and Health awareness camps	Promoting preventive Health care and Sanitation	1. Local Area in the vicinity of our Brewery locations. 2. State and Units: Karnataka (Nelamangala and Mangalore), Andhra Pradesh (Srikakulam), Telangana (Mallepally), Goa (Ponda), Kerala (Palakkad), Rajasthan (Chopanki), Maharashtra (Taloja & Aurangabad (1) unit), West Bengal (Kalyani)	5.47	1. 5.47 2. Nil	5.47	Direct
12.	Mid-Day Meal Programme	Eradicating hunger and poverty	Karnataka (12 villages in Mangalore, Dakshina Kannada District)	2.00	0	0	Akshaya Patra Foundation (released in May 2017)
5.	Administrative Expenses (5% of Total CSR Budget)	Personnel Cost and Administrative Expenses	--	3.87	3.87	--	--
	TOTAL		--	77.43	75.23	--	--

6. Funds for Akshaya Patra Mid-Day Meal Programme that was provisioned for March 2017 could be released only in May 2017.
7. Amount budgeted for revamping school infrastructure in Chainpura Village, Bihar remained unspent. Work has been initiated in April 2017.



8. The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the company.