



UNITED BREWERIES LIMITED

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Rs. in Lakhs

Statement of standalone unaudited results for the quarter ended June 30, 2017

| Particulars | Quarter ended | | | Year ended |
|---|------------------|-------------------|------------------|-------------------|
| | June 30, 2017 | March 31, 2017 | June 30, 2016 | March 31, 2017 |
| | Unaudited | Audited* | Unaudited | Audited |
| 1 INCOME | | | | |
| (a) Revenue from operations (gross of excise duty) | 381,013 | 255,778 | 324,463 | 1,022,816 |
| (b) Other income | 626 | 425 | 1,361 | 5,160 |
| Total income from operations | 381,639 | 256,203 | 325,824 | 1,027,976 |
| 2 EXPENSES | | | | |
| (a) Cost of materials consumed | 73,172 | 55,594 | 70,436 | 220,626 |
| (b) Purchase of stock-in-trade | 3,281 | 545 | 54 | 825 |
| (c) Decrease/(Increase) in inventories of finished goods, work-in-progress and stock-in-trade | 2,798 | (1,969) | 208 | (2,032) |
| (d) Excise duty on sale of goods | 213,592 | 144,508 | 168,043 | 549,404 |
| (e) Employee benefits expense (refer Note 5) | 8,798 | 8,891 | 8,974 | 35,209 |
| (f) Finance costs | 1,420 | 1,444 | 1,482 | 5,865 |
| (g) Depreciation and amortisation expense | 6,485 | 8,331 | 6,368 | 28,695 |
| (h) Other expenses (refer Note 5) | 47,537 | 38,097 | 47,655 | 154,667 |
| Total expenses | 357,083 | 255,441 | 303,220 | 993,259 |
| 3 Profit before tax | 24,556 | 762 | 22,604 | 34,717 |
| 4 Tax expenses | | | | |
| (a) Current tax | 9,140 | (76) | 7,962 | 13,254 |
| (b) Deferred tax charge/(credit) | (773) | 165 | (64) | (1,470) |
| Total tax expenses | 8,367 | 89 | 7,898 | 11,784 |
| 5 Profit for the period/year | 16,189 | 673 | 14,706 | 22,933 |
| 6 Other comprehensive income (OCI) | | | | |
| (a) Items that will not be reclassified to profit or loss in subsequent periods | | | | |
| Re-measurement gains/(losses) on defined benefit plans | 176 | 193 | 120 | (387) |
| Income tax effect on above | (61) | (67) | (42) | 134 |
| (b) Items that will be reclassified to profit or loss in subsequent periods | | | | |
| Net movement in cash flow hedges | (137) | 48 | (57) | (504) |
| Income tax effect on above | 47 | (17) | 20 | 174 |
| Total other comprehensive income, net of taxes | 25 | 157 | 41 | (583) |
| 7 Total comprehensive income | 16,214 | 830 | 14,747 | 22,350 |
| 8 Paid up equity share capital (Face value of Re.1 each) | 2,644 | 2,644 | 2,644 | 2,644 |
| 9 Reserve excluding Revaluation Reserve as per balance sheet of previous accounting year | | | | 211,918 |
| 10 Earnings per equity share in Rs. (nominal value per share Re.1)** | | | | |
| (a) Basic | 6.12 | 0.25 | 5.56 | 8.67 |
| (b) Diluted | 6.12 | 0.25 | 5.56 | 8.67 |

*Refer Note 9

**Not annualised for quarters

See accompanying notes to the financial results

NOTES

1. The standalone results for the quarter ended June 30, 2017 of United Breweries Limited (“the Company”) have been reviewed by the Audit Committee and approved by the Board of Directors at its meetings held on August 10, 2017 and have been subjected to limited review by the statutory auditors of the Company.
2. The standalone financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (“Ind AS”) prescribed under section 133 of the Companies Act, 2013, read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
3. The Company is engaged in the manufacture and sale of beer including licensing of brands which constitutes a single operating segment. Further, considering the seasonality of the business, the revenue and profits do not accrue evenly over the year.
4. 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, pursuant to notification dated January 24, 2017, the Government has not renewed existing brewery licenses for the financial year 2017-18 and consequently the Company is required to destroy or drain all its inventories of finished goods lying at Bihar, including those at warehouses of Bihar State Beverages Corporation Limited (‘BSBCL’), for which the Supreme Court has extended time till July 31, 2017. Accordingly, effective April 1, 2017, the Company has discontinued production of beer at Bihar and has given its consent to BSBCL to destroy / drain all its inventories lying with them, without prejudice to remedies and compensation available from its representation pending before the Supreme Court. The Company has also 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 June 30, 2017, the Company has property, plant and equipment (net) of Rs. 22,986 Lakhs, inventories (gross) of Rs. 344 Lakhs, trade receivables (gross) of Rs. 2,451 Lakhs and advances of Rs. 812 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 assets either for the new product line relating to non-alcoholic beverages in Bihar or for manufacturing units in other states. Provision aggregating to Rs. 925 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.

The statutory auditors of the Company have drawn an Emphasis of Matter in this regard, in their limited review report on the standalone financial results.

5. Employee benefits expense for the quarter ended June 30, 2017 is net of reversal of Rs. 632 Lakhs. Selling and distribution expense (included under other expenses) for the quarters ended June 30, 2017, March 31, 2017 and June 30, 2016 is net of reversal of Rs. 318 Lakhs, Rs. 235 Lakhs and Rs. 391 Lakhs, respectively and that for the year ended March 31, 2017 is net of reversal of Rs. 1,126 Lakhs.

6. The Board of Directors of the Company at its meeting held on May 17, 2017 had proposed dividend of Rs.1.15 per equity share of Re. 1 each amounting to Rs. 3,660 Lakhs (inclusive of dividend distribution tax) for the year ended March 31, 2017. The proposed dividend on equity shares is subject to approval at the ensuing annual general meeting and hence not recognised as a liability (including dividend distribution tax thereon) as at quarter end.
7. 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 year ended March 31, 2017 on aforesaid shares, which is subject to approval by the shareholders at the ensuing annual general meeting.

The Company received an order dated March 11, 2016 from the Deputy Commissioner of Income Tax (International Taxation), Bangalore, requesting the Company to create a charge in favour of the Central Government on any amount due or likely to be due to a director of the Company, to the extent of Rs. 67,980 Lakhs relating to tax demands on Kingfisher Airlines Limited. The Company also received an order dated June 28, 2016 from the Commissioner of Income Tax (TDS), prohibiting the Company from making any payment in the nature of salary, remuneration, allowances, etc. to a director of the Company. The Company has accordingly withheld payment of Rs. 45 Lakhs (net of TDS), relating to director commission and sitting fees payable to the aforesaid director.

8. 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.

9. The figures of the last quarter ended March 31 are the balancing figures between audited figures in respect of the full financial year up to March 31 and the unaudited published year-to-date figures up to December 31, being the date of the end of the third quarter of the financial year which were subjected to limited review.
10. The previous period/year figures have been regrouped where necessary to confirm to this period's classification.
11. The standalone financial results and notes are also available on the websites of the Stock Exchanges viz. www.bseindia.com and www.nseindia.com and also on the website of the Company viz. www.unitedbreweries.com.

By the authority of the Board

Place : Mumbai
Date : August 10, 2017

Shekhar Ramamurthy
Managing Director