

Ties that bind



UNITED BREWERIES (HOLDINGS) LIMITED



Dr. Vijay Mallya
Chairman

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Notice of Annual General Meeting

NOTICE is hereby given of the Ninety-Sixth Annual General Meeting of the Members of UNITED BREWERIES [HOLDINGS] LIMITED to be held at Good Shepherd Auditorium, Opp. St. Joseph's Pre-University College, Residency Road, Bangalore 560 025, on Thursday, September 27, 2012 at 11.30.a.m. to transact the following business:

Ordinary Business

1. To consider and adopt the Audited Accounts for the year ended March 31, 2012 and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in the place of Mr. Sidhartha V Mallya, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. S G Ruparel, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors for the ensuing year and fix their remuneration. The retiring Auditors are eligible for re-appointment.

Special Business

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. V. K. Rekhi be and is hereby appointed as a Director of the Company liable to retire by rotation."

Registered Office:

UB Tower, Level 12, UB City
No.24, Vittal Mallya Road
Bangalore – 560 001

Mumbai

August 24, 2012

By Order of the Board

Kaushik Majumder
Corporate Vice President – Legal
& Company Secretary

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself / herself and such proxy need not be a Member of the Company.
2. [a] The instrument appointing a Proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time of holding the meeting.
[b] Corporate Members intending to send their authorized representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from September 25, 2012 to September 27, 2012 [both days inclusive].
4. Members who have opted for the e-mailing of the Annual Report and the Accounts are kindly requested to bring the print out thereof when they attend the Annual General Meeting.
5. Members / Proxies are requested to bring their copy of the Annual Report and Attendance/Proxy Slip sent herewith duly filled in for attending the meeting to avoid inconvenience and delay at the time of registration and avoid being accompanied by non-members and children. Copies of Annual Report and Attendance slip will NOT be available for distribution at the venue of the Meeting.
6. The trading in the Company's Shares has been made compulsory in dematerialized form effective August 28, 2000 for all class of investors. To enable us to serve our investors better, we request Members whose shares are in physical mode to dematerialize shares and to update their bank accounts with the respective depository participants.

Notice (contd.)

7. Members are requested to quote the Folio Number / Client ID /DP ID in all correspondence. The Company has designated an e-mail ID of the Compliance Officer viz., ubhlinvestor@ubmail.com exclusively for the purpose of registering complaints, if any, by Investors.
8. Members are requested to notify change in their address, quoting Folio number to the Company's Registrars and Share Transfer Agents viz., Integrated Enterprises (India) Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003.
9. Members holding shares in dematerialised form should address all their correspondence including change of address, nominations, ECS mandates, bank details to be incorporated on dividend warrants, powers of attorney, etc. to their Depository Participant.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents.
11. As per the provisions of the amended Companies Act, 1956 facility for making nominations is now available for Members in respect of the shares held by them. Nomination forms can be obtained from the Registrars and Transfer Agents.
12. The relevant information relating to the Directors seeking appointment/re-appointment viz., Mr. Sidhartha V Mallya, Mr. S G Ruparel and Mr. V. K. Rekhi, are given in the Annexure to the Notice.

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Corporate Vice President – Legal
& Company Secretary

EXPLANATORY STATEMENT as required under Section 173 of the Companies Act, 1956.

Item No. 5

Mr. V. K. Rekhi who was appointed Director by the Board w.e.f. August 2, 2011, to fill in the casual vacancy caused by the resignation of Mr. R. N. Pillai in terms of the Companies Act, 1956 and the Articles of Association of the Company, vacates office at the ensuing Annual General Meeting.

A Notice in writing has been received by the Company from a Member under Section 257 of the Companies Act, 1956, proposing the appointment of Mr. V. K. Rekhi as a Director of the Company at this meeting. Mr. V. K. Rekhi offers himself for appointment as a Director at this meeting having filed his consent with the Company to act as Director. Your Directors, therefore, feel that it will be in the interest of the Company to re-appoint him as a Director of the Company and accordingly recommend his re-appointment.

Particulars of Directors seeking Appointment/Re-Appointment:

Name, brief Resume and Functional Expertise of the Director	Appointment/ Re-Appointment	Directorships held in other Companies	Committee positions held in other Companies	
			Audit Committee	Investor Grievance/ Share Transfer Committee
Mr. Sidhartha V Mallya <u>Resume</u> Qualification : B.Sc. Queen Mary University, London Expertise : Marketing and Brand Development Director : Since 2005 Shareholding in the Company : 28,25,358 shares held jointly with Dr. Vijay Mallya Relationship with any Director : Son of Chairman, Dr. Vijay Mallya	Re-appointment on retirement by rotation	Kamsco Industries Private Limited	-	-
		Mallya Private Limited	-	-
		Royal Challengers Sports Private Limited	-	-
		The Gem Investment & Trading Company Private Limited	-	-
		United Mohun Bagan Football Team Private Limited	-	-
Mr. S G Ruparel <u>Resume</u> Qualification : Master's Degree in Arts (Oxon) & Master's Degree in Science (London) Experience : Mr. S G Ruparel was the former Managing Director of Kolhapur Sugar Mills and on the Board of State Bank of India for 18 years. Held Chairmanship of various Companies and Joint Business of various bilateral business counsels. Expertise : Corporate Management Director : Since 1991 Shareholding in the Company : Nil Relationship with any Director : None	Re-appointment on retirement by rotation	Mangalore Chemicals and Fertilizers Limited	Chairman	-
		McDowell Holdings Limited	-	-
		Pioneer Distilleries Limited	Member	-
		Samrat Bottlers Private Limited	-	-
Mr. V K Rekhi <u>Resume</u> Qualification : Bachelor of Arts (Hons) in Economics; Master's Degree in Business Administration from the Indian Institute of Management, Ahmedabad; Master's Degree in Economics from the Delhi School of Economics. Experience : Mr.V.K.Rekhi has been associated with the UB Group for over 39 years including its overseas operations and has had vast experience in the manufacturing, marketing and general management, particularly in the liquor industry. Mr. Rekhi has held senior positions in the Group including as President and Managing Director of United Spirits Limited. Expertise : Manufacturing, marketing and general management in liquor industry. Director : Since 2011 Shareholding in the Company : Nil Relationship with any Director : None	Appointment as a Director of the Company liable to retire by rotation	Royal Challengers Sports Private Limited	-	-
		Royal Orchid Hotels Limited	-	-
		Four Seasons Wines Limited	-	-
		United Spirits Nepal Private Limited, Nepal (formerly known as McDowell Nepal Limited)	-	-
		Bouvet Ladubay SA, France	-	-
		Whyte and Mackay Limited, UK	-	-
		Whyte and Mackay Group Limited, UK	-	-
		Whyte and Mackay Warehousing Limited, UK	-	-
		Liquidity Inc., USA	-	-
		United Spirits (Shanghai) Trading Company Limited, China.	-	-
		The Associated Chambers of Commerce and Industry of India, New Delhi.	Member	

UNITED BREWERIES [HOLDINGS] LIMITED

Directors	<p>Dr. Vijay Mallya, Chairman</p> <p>Mr. Sidhartha V Mallya</p> <p>Mr. N Srinivasan</p> <p>Mr. S G Ruparel</p> <p>Mr. Piyush G Mankad [up to February 18, 2012]</p> <p>Mr. B S Patil</p> <p>Mr. M S Kapur</p> <p>Mr. V K Rekhi</p> <p>Mr. A Harish Bhat, Managing Director</p>
Executive Vice Chairman The UB Group	Mr. S R Gupte
President & Chief Financial Officer The UB Group	Mr. Ravi Nedungadi
Company Secretary and Compliance Officer	Mr. Kaushik Majumder
Auditors	<p>M/s Vishnu Ram & Co., Chartered Accountants No.12, Margosa Road, Malleswaram, Bangalore – 560 003</p>
Registered Office	<p>UB Tower, Level 12, UB City, No.24, Vittal Mallya Road, Bangalore – 560 001</p>
Registrars and Transfer Agents	<p>Integrated Enterprises (India) Limited No. 30, Ramana Residency, 4th Cross, Malleswaram, Bangalore – 560 003</p>

Report of the Directors

Your Directors have pleasure in presenting the 96th Annual Report of your Company together with the Audited Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

The summary of financial results of the Company for the financial year ended March 31, 2012 is as under:

(₹ in million)

	2011-2012	2010-2011
The working for the year resulted in		
• Profit from Operations	185.315	720.186
Less:		
• Depreciation	102.328	101.335
• Taxation	6.499	201.963
Profit after tax	76.488	416.887
Profit for the year	76.488	416.887
Your Directors have made the following appropriations:		
• Proposed Dividend	-	66.819
• Tax on Proposed Dividend	-	11.099
• Transfer to General Reserve	-	-
Surplus carried to the Balance Sheet	76.488	338.970

DIVIDEND

With a view to conserve resources for working capital, your Directors do not recommend any dividend for the year ended March 31, 2012.

OPERATIONS

The Company's revenues comprise of sale/lease rentals of property at UB City, Bangalore, Export Sales, Trademark License Fees, Dividends, Guarantee Commission and Interest on Loans and Deposits.

PROPERTY DEVELOPMENT

The construction work for development of a luxury residential building named as "Kingfisher Towers – Residences at UB City" on the available land in UB City is progressing fast. The super built up area of the building would be 7,67,870 sq. ft. The super built up area falling to the share of the Company would be 4,18,388 sq. ft. When built, this residential development will become a landmark building in Bangalore and will also augment revenues by sale of the residential units.

Arising from the economic slow down, several Lessees of rental space especially the retail lessees have re-negotiated the rentals. This has impacted the potential revenue of the Company.

SALE OF PROPERTY

During the year, the Company sold Commercial Space measuring 43,822.61 sq.ft. of saleable super built up commercial area in UB City.

EXPORT BUSINESS

UB Global, the Export division of the Company was again awarded the "Golden Trophy" by APEDA, in continued appreciation of its dominant export performance in the Beverage Alcohol category. Also, the Federation of Karnataka Chambers of Commerce & Industry (FKCCI) conferred the "Special Recognition Certificate – Merchant Category" on UB Global, in recognition of its export excellence.

The Export division registered its highest ever Revenues and Profits, despite severe economic volatility in key markets such as Europe and currency swings. High level of domestic inflation continues to remain a concern, as it increases input costs.

The beverage alcohol business registered its highest ever sales Volume, Revenue and Profits. The distribution of Kingfisher Bohemia Wines was further widened, increasing its footprint in several developed markets.

During the year, the apparel business performed exceedingly well and with the second factory in operation for the full year, turnover increased by 67%.

The Company's investments in Leather footwear business has continued in Ambur, the hub of Leather industry in South India. This has enabled manufacturing of high quality shoes.

SUBSIDIARIES

The following are the subsidiaries of the Company:

A. Indian Subsidiary Companies

1. Bangalore Beverages Limited
2. Bestride Consultancy Private Limited
3. City Properties Maintenance Company Bangalore Limited
4. Kingfisher Finvest India Limited [Formerly Kingfisher Radio Limited]
5. Kingfisher Training and Aviation Services Limited [Formerly Kingfisher Airlines Limited]
6. Kingfisher Aviation Training Limited [Formerly Kingfisher Training Academy Limited]
7. Kingfisher Goodtimes Private Limited
8. UB Electronic Instruments Limited
9. UB Infrastructure Projects Limited
10. UB International Trading Limited
11. UB Sports Limited

B. Overseas Subsidiary Companies

12. Inversiones Mirabel, S.A.
13. Mendocino Brewing Co. Inc, USA
14. Rubic Technologies Inc
15. Rigby International Corp
16. Releta Brewing Company LLC
17. UB Overseas Limited
18. UBHL [BVI] Limited
19. United Breweries of America Inc., Delaware
20. United Breweries International [UK] Limited
21. Kingfisher Beer Europe Limited (Formerly UBSN Limited)

A summary of performance of all the above mentioned subsidiaries including turnover, profit before and after taxation are available in the statement under the heading Summarized Financials of Subsidiary Companies 2011-12 is included in the Annual Report. The Company had invested in the above subsidiaries besides significant advances to them over the years. Being strategic long term investment and considering the respective business plans

of the respective subsidiaries, no impairment is presently addressed.

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2/2011 dated February 8, 2011 has issued directions under Section 212(8) of the Companies Act, 1956 granting general exemption from applicability of the provisions of Section 212 of the Companies Act, 1956 in relation to the Subsidiary Companies, subject to fulfillment of the conditions specified in the said circular.

The Company has availed the benefit of general exemption provided by the aforesaid circular and accordingly, the documents mentioned in Section 212(a) to (d) of the Companies Act, 1956 relating to the Company's subsidiaries are not attached to the Accounts of the Company. In terms of the said circular, your Company shall fulfill the prescribed conditions, make the requisite disclosures and further undertake that the Annual Accounts of the Subsidiary Companies and the related detailed information shall be made available to Shareholders of the Company and its Subsidiary Companies seeking such information. These documents will also be available for inspection during business hours at the Registered Office of the Company and of the respective Subsidiary Companies concerned.

Kingfisher Airlines Limited

Kingfisher Airlines Limited [KFA] has ceased to be Company's subsidiary as on February 18, 2012 consequent upon it allotting shares against Optionally Convertible Debentures. However, the Company is exposed to significant guarantees given on behalf of KFA. It is to be stated that till date no such guarantees has ultimately devolved on the Company.

The Indian airline industry and KFA in particular is currently exposed to one of the toughest operating environments and is expected to struggle with profitability pressures. One of the highest prices for Jet Fuel in the world, high tax structure, recent depreciation of the rupee, and high cost of borrowing all contribute to the challenges facing domestic aviation. The Government of India is committed to usher in fiscal measures and reforms that will make the operating environment more conducive for a sustainable business.

When these initiatives are implemented by the Government, KFA will undertake a phased and pragmatic approach to re-induction of capacity as well as further market expansion in future.

Report of the Directors (contd.)

DIRECTORS

Mr. Piyush G Mankad resigned as Director of the Company with effect from February 19, 2012. The Board placed on record the valuable services rendered by Mr. Mankad during his tenure as a Director of the Company.

Mr. V K Rekhi who was appointed as Director of the Company in the casual vacancy caused by the resignation of Mr. R N Pillai with effect from August 2, 2011 vacates office at the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose Mr. V. K. Rekhi as a candidate for the office of the Director of the Company liable to retire by rotation.

Mr. Sidhartha V Mallya and Mr. S G Ruparel, Directors, retire by rotation and, being eligible, offer themselves for re-appointment, as Directors liable to retire by rotation.

A brief resume of the Directors proposed to be appointed/re-appointed is given in the Annexure to the Notice.

AUDITORS AND AUDITORS' REPORT

Messrs. Vishnu Ram & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

With reference to observations in the Auditors Report regarding accrual of Guarantee/security commission from an Associate Company (erstwhile subsidiary), inclusion of interest from Subsidiaries and Associates, non-provision for loans & advances to certain Subsidiaries an Associate Company and for decline in value of investment in certain Subsidiaries an Associate Company, the relevant notes to the accounts comprehensively explain the management's views on such matters.

LISTING OF SHARES OF THE COMPANY

The shares of your Company are listed on Bangalore Stock Exchange Limited [Regional Exchange], The Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited.

CORPORATE GOVERNANCE

A report on Corporate Governance is annexed separately as part of the report along with a Certificate of Compliance from the Statutory Auditor. Necessary requirements of obtaining certifications / declarations in terms of Clause 49 of the Listing Agreements have been complied with.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis Report is appended and forms an integral part of the Report on Corporate Governance which is appended.

FIXED DEPOSITS

The Fixed Deposits accepted from the Public and Shareholders stood at ₹ 850.797 million as on March 31, 2012 (including an amount of ₹ 128.54 million accepted during the year under review).

A sum of ₹ 0.498 million from Public and Shareholders remained unclaimed as at March 31, 2012.

There have been no defaults in the repayment of fixed deposits during the year excepting occasional short delay for which interest had been paid along with matured deposits.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A[5] and 205C of the Companies Act, 1956, an amount of ₹ 0.167 million [Previous Year ₹ 0.367 million] being the aggregate of the Unclaimed Dividend and Deposits, remaining unclaimed and unpaid for more than 7 years, have been transferred to the Investor Education and Protection Fund.

PARTICULARS OF EMPLOYEES

The information as are required to be provided in terms of Section 217[2A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules, 1975 is enclosed.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of Conservation of Energy, Technology Absorption

The Provisions of Section 217[1][e] of the Act relating to conservation of energy and technology absorption do not apply to this Company since it is not engaged in manufacturing activities.

Foreign Exchange Earnings and outgo

The particulars are given in the Notes to the Audited Accounts.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217[2AA] of the Companies Act, 1956 the Board of Directors hereby state that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) accounting policies have been selected and applied consistently and the judgments and estimates made 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.
- (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities.

- (iv) the Annual Accounts have been prepared on a going concern basis.

GREEN INITIATIVE

Annual Report is transmitted through Emails to those identifiable members while print version of the Annual Report are posted to others. The other details are available in the Company's website www.theubgroup.com.

ACKNOWLEDGEMENT

Your Directors place on record the support received from Group Companies, shareholders, depositors, banks, financial institutions and employees.

Mumbai
August 24, 2012

By Order of the Board

Dr. Vijay Mallya
Chairman

