

Annual Report 2015 - 2016



UNITED BREWERIES (HOLDINGS) LIMITED

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UNITED BREWERIES (HOLDINGS) LIMITED

Directors	<p>Dr. Vijay Mallya, <i>Chairman</i></p> <p>Mr. Sidhartha V. Mallya, <i>Non Executive Non Independent Director (up to March 31, 2016)</i></p> <p>Mr. N Srinivasan, <i>Non Executive Independent Director</i></p> <p>Mr. M S Kapur, <i>Non Executive Independent Director</i></p> <p>Dr. Lalit Bhasin, <i>Non Executive Independent Director</i></p> <p>Ms. Daljit Mahal, <i>Non Executive Non Independent Director</i></p>
Executive Vice Chairman UB Group	Mr. S. R. Gupte
President & Chief Financial Officer UB Group (upto April 30, 2016)	Mr. Ravi Nedungadi
President	Mr. V. Shashikanth
Chief Financial Officer	Mr. Ajay Kumar Vijay (w.e.f. April 20, 2016)
Company Secretary and Compliance Officer	Mr. Kaushik Majumder
Statutory Auditors	<p>M/s Vishnu Ram & Co., Chartered Accountants No.12, Margosa Road, Malleswaram, Bangalore – 560 003</p>
Internal Auditors	<p>M/s B.K. Ramadhyani & Co, Chartered Accountants 68, 4th Floor, Chitrapur Bhavan, 15th Cross, 8th Main Road, Malleswaram, Bangalore – 460 055</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

Report of the Directors

Your Directors present the Annual Report of your Company together with the Audited Accounts for the year ended March 31, 2016.

Financial Performance of the Company

The summary of financial results of the Company for the financial year ended March 31, 2016 is as under:

(₹ in crores)

	2015-2016	2014-2015
The working for the year resulted in Profit/(Loss) from Operations	52.989	(42.041)
Less:		
• Provision for doubtful advances	55.000	57.896
• Bad advances / debts written off	12.513	128.624
• Provision for diminution in value of investment	21.246	280.962
• Depreciation	16.615	21.505
Loss before exceptional item and tax	(52.385)	(531.03)
Add:		
• Exceptional item (profit on sale of pledged shares)	7.254	965.001
Profit / (Loss) before tax	(45.130)	433.974
Less: Tax	-	-
Profit / (Loss) for the year carried to the Balance Sheet	(45.130)	433.974

Dividend

With a view to conserve resources for operational requirements, your Directors do not recommend any dividend for the year ended March 31, 2016.

Operations of the Company

The operations of the Company comprise primarily of holding of strategic investments and other securities, international trade, development of real estate, sale and rental of constructed premises including residential property of Kingfisher Towers, licensing of trademarks, advancing of loans and provision of guarantees.

Despite the return of significant number of Indian consumers from the Gulf and the Far East due to rationalisation of jobs because of continued low oil prices, UB Global - the export division of your Company, has managed to remain India's largest exporter of beer in the year under review. A judicious mix of

domestic and export orders also ensured an exponential growth in your Company's apparel business. The FEDERATION OF KARNATAKA CHAMBER OF COMMERCE & INDUSTRY has, once again, awarded the Export Excellence award to your Company.

The Company is constrained by various restraint orders of the Hon'ble High Court of Karnataka as a result of which revenue yielding business proposals like franchising out the Kingfisher brand owned by the Company and renting out vacant space at UB City, Bangalore could not be implemented.

The operations of the Company was further affected due to the provisional attachment of properties and shares by the Directorate of Enforcement consequent upon their investigation in a purported money laundering case of Kingfisher Airlines Limited. Continuing efforts are being taken to have the temporary embargo lifted which would augment increasing revenue streams.

Subsidiaries and Associate Companies

In accordance with Section 139(3) of the Companies Act 2013, the Company has prepared consolidated financial statements with four Indian Subsidiary Companies, excluding the seven Indian Subsidiary Companies (refer to Note no. 50 of the Consolidated Financial Statement appearing in page no. 113), which forms part of the Annual Report. The report on the performance and financial position on each of the subsidiary companies in the prescribed Form AOC-1 is annexed to this report as **Annexure A**.

Kingfisher Finvest India Limited is a "material non-listed Indian subsidiary". A "Policy for determining Material Subsidiaries" has been uploaded in the website of the Company under link: "[http://theubgroup.com/PDF/UNITED-BREWERIES-\(HOLDINGS\)-LIMITED-POLICY-FOR-DETERMINING-MATERIAL-SUBSIDIARIES.pdf](http://theubgroup.com/PDF/UNITED-BREWERIES-(HOLDINGS)-LIMITED-POLICY-FOR-DETERMINING-MATERIAL-SUBSIDIARIES.pdf)"

The affairs of the Subsidiaries and Associate Companies are conducted by their respective Board of Directors and audited by their Statutory Auditors. The Consolidated Financial Statement of the Company and its subsidiaries and associates should therefore be read in conjunction with respective financial statements, accounting policies, financial notes, cash flow statements and Statutory Auditors Reports thereon.

Directors and Key Managerial Personnel

Mr. Sidhartha V Mallya, vacated the office of Director w.e.f. March 31, 2016 by operation of Section 167(1)(b) of the Companies Act, 2013.

Ms. Daljit Mahal, a Non-Independent Non-Executive Director, retires by rotation and, being eligible, offers herself for re-appointment, as a Director liable to retire by rotation. A brief resume of Ms. Daljit Mahal proposed to be re-appointed is given in the Annexure to the Notice.

Report of the Directors (contd.)

The position of Managing Director fell vacant on April 17, 2014 and since then efforts were on to identify a successor. In the interregnum, the Chairman of the Board, Dr. Vijay Mallya is acting as the Principal Officer of the Company and reviewed the performance of the Company at the Board Meetings held during the year. Even after his relocating to London, he has full control over the affairs of the Company through appropriate delegation of duties to various operating executives who report to him on a regular basis.

Mr. Ajay Kumar Vijay was appointed as Chief Financial Officer of the Company w.e.f. April 20, 2016.

Mr. Kaushik Majumder, Company Secretary and Mr. Ajay Kumar Vijay, the Chief Financial Officer are presently the 2 Key Managerial Personnel of the Company.

Directors' Responsibility Statement

Despite the absence of the Managing Director and Chief Financial Officer throughout the year, the Chairman of the Board of Directors, the Group Chief Financial Officer and the President of the Company have collectively conducted the affairs of the Company for the year under review and in view of this, the Directors in compliance with Section 134 (5) of the Companies Act, 2013, state 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) 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 as at the end of the financial year and of the loss of the Company for that period;
- (c) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and operating effectively;

- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that, such systems are adequate and operating effectively.

Statutory Auditor

- (a) Reappointment

At the Annual General Meeting (AGM) held on September 30, 2014, Messrs. Vishnu Ram & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for a period of three years. As per the provisions of Section 139 of the Companies Act, 2013, ratification of appointment of the Statutory Auditors is being sought from the Members of the Company at this AGM. Further, the Statutory Auditors have, under Section 139(1) of the Act and the Rules framed thereunder, furnished a certificate of their eligibility and consent for appointment.

- (b) Auditors' qualification & Board responses

The Statutory Auditor of the Company, Messrs. Vishnu Ram & Co., Chartered Accountants, issued separate reports on the Standalone and Consolidated Financial Statements of the Company and the same are appended hereto the Report. The qualifications in the Auditors' Reports relating to impairment of certain investments, enforcement of certain corporate guarantees, doubtful recovery of advances, various legal disputes including winding-up petitions, sustainability of the Company as a going concern - all these have been explained in the relevant Financial Notes to Accounts.

Corporate Governance & Management Discussion and Analysis Report

Pursuant to erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations') a report on Corporate Governance and Management Discussion and Analysis Report is attached to this Annual Report.

Disclosures

Board and its Committees

The details of the Meetings of the Board and its Committees held during the financial year, the composition of the Committee and the details of Committee Meetings are given in the Report on Corporate Governance.

Report of the Directors (contd.)

Independent Directors Declaration

All the Independent Directors of the Company have given declaration in terms of Section 149(6) of the Companies Act, 2013.

Internal Financial Controls

The Company has Internal Financial Controls commensurate with its size and nature of the business. The business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well defined policies, guidelines and authorizations and approval procedures. The board is satisfied that such internal financial controls are adequate and are operating effectively. The report of the Statutory Auditors in this regard forms part of their Audit Report.

Risk Management

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives through the Audit Committee and Internal Auditors comprising of external firm of Chartered Accountants. The Company is exposed to various legal disputes as stated elsewhere in this Report which are handled by expert legal advisors in consultation with the Chairman of the Board.

Particulars of Conservation of Energy, Technology Absorption

The provisions of Section 134 (3) (m) of the Companies Act, 2013 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.

Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Senior Employees

The Board on the recommendation of the Nomination and Remuneration Committee has laid down a policy for appointment of Directors and remuneration for the Directors, Key Managerial Personnel and Senior Employees. The same is enclosed as **Annexure B** to this Report. Mr. Ajay Kumar Vijay was appointed as Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. April 20, 2016.

Performance Evaluation of the Board and Committees

The details of annual evaluation made by the Board of its own performance and that of its Committees and

Individual Directors and performance criteria for Independent Directors laid down by the Nomination and Remuneration Committee are enclosed as **Annexure C** to this Report.

Vigil Mechanism

The Company has implemented a vigil mechanism to provide a framework for the Company's employees and Directors to promote responsible and secure whistle blowing. It protects the employees who raise concern about serious irregularities within the Company. A brief summary of the vigil mechanism implemented by the Company is annexed under **Annexure D** to this Report. This policy is available through the weblink: <http://theubgroup.com/PDF/UBHL/2014-2015/UBHLWHISTLE-BLOWER-AND-VIGIL-MECHANISM-POLICY.pdf>.

Particulars of Employees and related disclosures

Disclosures with respect to the remuneration of Directors and Employees as required under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure E** to this Report.

Details of employee remuneration as required under provisions of Section 197 of Companies Act, 2013 and Rule 5(2) and Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours before 21 days of the Annual General Meeting and shall be made available to any shareholder on request.

Familiarisation programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://theubgroup.com/PDF/UBHL-FAMILIARISATION-PROGRAMMEFOR-INDEPENDENT-DIRECTORS.pdf>.

Particulars of Loans, Guarantees and Investments

Particulars of loans and guarantees given and investments made are given in the Notes to the Standalone Financial Statement.

Corporate Social Responsibility

The Company, being an apex holding company of the UB Group, takes its role as a responsible corporate citizen seriously and encourages all its constituents of investee companies to pursue their business in a responsive manner.

Report of the Directors (contd.)

The Company has in place a Corporate Social Responsibility Committee (CSR) for overseeing CSR activities. Since the average net profit of the Company for the preceding three years was negative, there was no necessity for the Company to carry out any CSR spending for the period under review.

Secretarial Audit

(a) Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Sudhir Hulyalkar, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report furnished by Auditor in the format prescribed under The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure F** to this Report.

(b) Qualifications & Board responses

The Board responses to the qualifications of the Secretarial Audit are as under:

- (a) While efforts are still on for appointment of a suitable candidate for the position of the Managing Director, the Chief Financial Officer was appointed w.e.f April 20, 2016.
- (b) The Board is seized of the matter regarding appointment of minimum number of Directors in terms of the Articles of Association of the Company and efforts are on in this regard despite the difficulty in getting suitable persons under the prevailing circumstances.
- (c) The Company has applied for condonation of delay to the Central Government for filing the required Form.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT -9 is annexed herewith as **Annexure G**.

Major litigations involving the Company

Major litigations of the Company are as follows:

- (i) The appeal before the Hon'ble Supreme Court against the Order of the Division Bench of the Hon'ble High Court of Karnataka which has set aside the permission granted by the Hon'ble Company Judge under Section 536(2) of the Companies Act 1956 vide its Order dated

December 20, 2013 to dispose of the shares of USL in favour of Diageo Plc / Relay BV is continuing and is yet to be adjudicated. Meanwhile, the Hon'ble Supreme Court has, by its Order dated February 10, 2014, directed that status quo be maintained in respect of the transaction of sale of shares to Diageo. By another Order dated November 17, 2015, the Hon'ble Supreme Court, have amongst others, admitted the SLP filed by Diageo and posted for final hearing and disposal. The SLPs are still continuing.

- (ii) The Company and others have filed a suit in the Hon'ble Bombay High Court against the Consortium of Lenders of KFA ("Lenders") challenging the purported issue of Guarantee to the Lenders, even before the SARFAESI action has been initiated by the Lenders, and the Suit is still pending adjudication.
- (iii) Three lenders who have extended pre-delivery payment (PDP) loans to KFA for purchase of aircrafts from M/s. Airbus S.A.S. and who claim to be beneficiaries of Corporate Guarantees purportedly executed by the Company, have filed proceedings before the DRT for recovery of total dues amounting to ₹192.51 crores. By an ex-parte order dated February 4, 2014, in I.A. No. 543/2014, the Hon. DRT has passed an ad-interim order attaching pre-delivery payments made by KFA to M/s. Airbus S.A.S. up to ₹192.51 crores. Thereafter, vide final order dated March 28, 2016 the Hon'ble DRT had issued a Demand Notice directing the Company to pay an amount of ₹192,51,08,484.67.

Aggrieved by the final order of the Hon'ble DRT, the Company preferred a Writ Petition before the Hon'ble High Court of Karnataka and by way of an interim Order dated June 16, 2016, the Hon'ble High Court of Karnataka was pleased to stay the order of the DRT. This stay is still continuing.

- (iv) After protracted litigation, SBICAP Trustee Limited, acting as Trustees of the Consortium of Banks of KFA, was permitted to take possession of Kingfisher Villa on May 13, 2016 pursuant to an order of the Hon'ble District Magistrate dated May 11, 2016 passed under Section 14 of the SARFAESI Act. The Company has since filed an Appeal against the aforesaid order dated May 11, 2016 before DRT, Mumbai on August 18, 2016. The matter is yet to be listed for hearing and is pending. Although the possession of the KF Villa property has been taken over by the Consortium of Banks, the legal ownership of the property continues to remain with the Company.

Report of the Directors (contd.)

- (v) In the SREI suit in Bangalore, SBI claimed that the deposit of ₹651 crores kept with the Hon'ble High Court of Karnataka, being surplus sale proceeds received from sale of pledged shares, be made available to them. The Company opposed the said relief claim and the Hon'ble Court of XXVIII Addl. City Civil Judge, Bangalore while upholding the objections of the Company was pleased to dismiss the application filed by SBI vide its order dated July 16, 2016. The Suit is still in progress.
- (vi) The Company has filed a suit claiming an amount of USD 210,400,000 along with ₹162,10,00,000/- by way of Damages against one of the above Petitioners who has filed a winding up Petition against the Company, in the City Civil Court, Bangalore and the same is pending adjudication. In the said suit the Defendants therein filed applications challenging the jurisdiction of the Hon'ble City Civil Court, Bangalore. However, the said applications have since been dismissed by the Hon'ble City Civil Court by its order dated April 30, 2016.
- (vii) BIAL had filed a summary suit being O.S.No.8306 of 2012 in the Hon'ble City Civil Court, Bangalore, seeking recovery of ₹15,47,00,000/- allegedly payable to it by the Company under a purported Corporate Guarantee dated December 5, 2011 executed by the Company in favour of BIAL. The Company filed an application in the said suit seeking the leave of the Court to defend the said summary suit. By an order dated March 30, 2013, the Hon'ble City Civil Court, Bangalore granted the Company the leave to defend the suit upon deposit of ₹7,00,00,000/- in the Court. Thereafter, BIAL filed CRP No.193 of 2013 in the Hon'ble Karnataka High Court challenging the order aforesaid dated March 30, 2013. By an order dated October 10, 2014 the Hon'ble Karnataka High Court allowed CRP No.193 of 2013 and set aside the order dated March 30, 2013, granting the Company the leave to defend the said summary suit. In the circumstances, the Company was constrained to file SLP No. 11379 of 2015 in the Hon'ble Supreme Court of India challenging the aforesaid order dated March 30, 2013 of the Hon'ble Karnataka High Court. Pursuant to an order dated April 10, 2015 of the Hon'ble Supreme Court in the said SLP granting conditional stay of all proceedings before the Hon'ble City Civil Court, Bangalore the Company deposited 50% of the Guarantee amount totalling to ₹83.533 million with the Hon'ble City Civil Court, Bangalore. The said SLP is pending before the Hon'ble Supreme Court of India for final hearing and disposal.
- (viii) After litigation which continued for some time and pursuant to dismissal of our appeal before the Hon'ble Supreme Court, ICICI Bank have sold 19,58,000 shares of United Breweries Limited ("UBL") to recover their claim of the equity recompense amount in full. In response to an Application filed by the Consortium of Banks, the DRT vide its order dated 11th January 2016 restrained ICICI from transferring and utilizing the sale proceeds without permission of the DRT.
- (ix) Post the open offer by Zuari Fertilizers and Chemicals Limited ("Acquirer") together with Zuari Agro Chemicals Limited as the person acting in concert ("PAC") with the Acquirer, the shareholding of Acquirer in Mangalore Chemicals & Fertilizers Limited ("MCF") increased from 16.47% to 53.03%. Since certain disputes have arisen out of the Share Holders Agreement ("SHA") dated March 12, 2014 executed between the Acquirer and PAC (collectively referred to as the "Zuari Group") on one hand and the Company KFIL and McDowell Holdings Limited ("MHL") (collectively referred to as the "UB Group") on the other hand, the UB Group invoked the arbitration clause in the SHA and have referred the dispute to an Arbitrator. The arbitration proceedings are pending. In terms of the SHA, the UB Group has an option to purchase such number of shares from the Acquirer so as to equalize the respective shareholdings of both the UB Group and the Zuari Group. The Board has resolved to exercise this option as and when desirable.
- (x) In terms of Master Circular of RBI, State Bank of India and Punjab National Bank have amongst others declared the Company and Dr. Mallya as wilful defaulters. While the declaration of SBI is under challenge in a writ petition before the Bombay High Court, the declaration of PNB is under challenge in a Writ Petition before the Hon'ble Delhi High Court. However, the declaration of Wilful Default by United Bank of India is currently under stay by the Hon'ble Calcutta High Court. No other Bank, other than the above have declared the Company as Wilful Defaulter.
- (xi) On the matter of investigation into the affairs of Kingfisher Airlines Limited by the Investigating Agencies, the Company and its Directors and Employees have been co-operating with the investigation process by way of personal appearance and submission of documents and records whenever called for. Except the order passed by the Enforcement Directorate, as mentioned hereunder, no other order has been passed by any of the Investigating Agencies.

Report of the Directors (contd.)

Significant and material orders passed by the Regulators/ Courts

The material orders passed by the Regulators / Courts which may impact the going concern status of the Company and its future operations are as under:

(i) Order passed by the Hon'ble High Court of the Karnataka

Out of the 9 winding up petitions filed against the Company, 8 petitions have been admitted. While the Company Petitions filed by BNP Paribas and ATR have been admitted by the Hon'ble High Court of Karnataka vide its order dated November 19, 2013 and December 13, 2013 respectively, the other six company petitions have been admitted vide its combined order dated January 2, 2015. The appeal filed by the Company before the Division Bench of the Karnataka High Court to challenge the admission order of BNP Paribas and ATR were dismissed vide its order dated December 16, 2013. The Company filed an appeal before the Hon'ble Supreme Court to challenge the admission order of BNP Paribas which was admitted by the Hon'ble Supreme Court vide its order dated November 17, 2015. The Suits are still in progress.

(ii) Suit before the Hon'ble Debt Recovery Tribunal

KFA lenders have invoked Company's Corporate Guarantee and demanded payment of dues from KFA amounting to ₹ 62,033.500 million. The hearings in the matter are still under progress.

(iii) Order passed by Securities Appellate Tribunal (SAT)

SEBI in its communication dated April 27, 2015 had advised the Company to restate the Accounts for the Financial Years 2012-13 and 2013-14 to address the qualifications made in the Report by the Statutory Auditors, despite a representation that most of the required adjustments have already been made in the accounts for the subsequent Financial Year 2013-14. The Hon'ble Securities Appellate Tribunal by its Order dated March 29, 2016 quashed and set aside the orders passed by SEBI dated April 27, 2015 with the liberty to the SEBI to pass fresh order on the merits and in accordance with law.

Post the Hon'ble Securities Appellate Tribunal Order dated March 29, 2016, SEBI has again vide its letter dated July 25, 2016 advised the Company to comply

with its new circular dated May 27, 2016 regarding disclosure of the "Impact of Audit Qualifications" beginning from the financial year 2012-13. Although this circular is applicable for the period ending on or after March 31, 2016 which is being complied, the Company has sought legal view regarding compliance for the previous years beginning from financial year 2012-13.

(iv) Attachment of assets by Enforcement Directorate

The Directorate of Enforcement (ED), Ministry of Finance-Dept. of Revenue, Government of India, vide its Provisional Attachment Order No. 11/2016 dated June 11, 2016, received by the Company, has provisionally attached the immovable properties of the Company based in Bangalore and Mumbai under Section 5(1) of Prevention of Money Laundering Act, 2002 for a period of 180 days from the date of the Order in connection with investigation against Dr. Vijay Mallya, Kingfisher Airlines Limited & Others. Pursuant to a Show Cause Notice dated July 11, 2016 received from the Adjudicating Office in this regard, the Company is in consultation with its Legal Counsels for taking appropriate steps that may be required including but not limited to defending the case before the Adjudicating Authority in Delhi.

As part of the investigations of the affairs of the Kingfisher Airlines Limited ("KFA"), the Company has co-operated with all the Investigating Agencies by providing all relevant information, records, data and facts as and when required by the said Agencies.

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 2016-2017.

Fixed Deposits

The Company has discontinued the acceptance/ renewal of deposits. The existing deposits will run till the date of maturity and will be repaid on the due dates.

There have been no defaults in the repayment of fixed deposits during the year.

The Fixed Deposits accepted from the Public and Shareholders stood at ₹ 1.94 crores as on March 31, 2016. A sum of ₹ 0.99 crores from Public and Shareholders remained unclaimed as at March 31, 2016.

Report of the Directors (contd.)

Transfer to Investor Education and Protection Fund

Pursuant to the provisions of Section 125 of the Companies Act, 2013, an amount of ₹0.06 crores (Previous Year ₹0.07 crores) 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.

Contracts and Arrangements with related parties

All Related Party Transactions that were entered during the financial year were at arm's length basis and were in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act 2013 and the Listing Agreement. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis for those transactions which could not be determined at the beginning of the year. The transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee for ratification on a quarterly basis.

Similarly, all material Related Party Transactions, as defined under erstwhile Clause 49 of the Listing Agreement, which require approval of the Shareholders through Special Resolution, have been obtained by the Company in the Annual General Meeting held on September 28, 2015.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of

Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Acknowledgement

Your Directors place on record the support received from Group Companies, shareholders, depositors, customers, vendors and particularly the employees who has shown courage and withstood tremendous pressure during the very difficult circumstances.

By Order of the Board

Place: London
Date: August 31, 2016

Dr. Vijay Mallya
Chairman