



UNITED BREWERIES LIMITED

August 10, 2018

- | | |
|---|---|
| 1. Department of Corporate Services,
BSE Limited
Floor 25, P J Towers,
Dalal Street,
Mumbai - 400 001 | 2. National Stock Exchange of India Limited,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai - 400 051 |
|---|---|

Dear Sirs,

Sub: Un-audited Financial Results for the Quarter ended June 30, 2018

In terms of Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are furnishing herewith Unaudited Financial Results of the Company for the quarter ended June 30, 2018.

Time of commencement of Board Meeting: 11.00 a.m.
Time of conclusion of Board Meeting: 02.00 p.m.

The Results will be published in an English Daily and also in a local Newspaper in Kannada, being the regional language where the Registered Office of the Company is situated.

A copy of the Press Release is enclosed.

Thanking you, we remain,

Yours faithfully,

For UNITED BREWERIES LIMITED,

GOVIND IYENGAR
Senior Vice President - Legal &
Company Secretary

Encl: a/a



UNITED BREWERIES LIMITED

Registered office: UB Tower, UB City, 24, Vittal Mallya Road, Bengaluru - 560001

Phone: 080 - 39855000, 22272806/07 Fax: 080 - 22211964, 22229488

CIN: L36999KA1999PLC025195 Email: ublinvestor@ubmail.com Website: www.unitedbreweries.com

Rs. in Lakhs

Statement of unaudited standalone Ind AS results for the quarter ended June 30, 2018

Particulars	Quarter ended			Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Unaudited	Audited*	Unaudited	Audited
1 INCOME				
(a) Revenue from operations (gross of excise duty) (refer Note 4)	4,15,790	3,27,310	3,81,392	12,43,831
(b) Other income	1,528	475	626	1,298
Total income from operations	4,17,318	3,27,785	3,82,018	12,45,129
2 EXPENSES				
(a) Cost of materials consumed	88,915	69,514	73,551	2,51,657
(b) Purchase of stock-in-trade	3,132	1,758	3,281	11,343
(c) (Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	(6,409)	(1,720)	2,798	2,286
(d) Excise duty on sale of goods	2,29,199	1,80,135	2,13,592	6,80,958
(e) Employee benefits expense (refer Note 6)	10,682	10,973	8,798	39,463
(f) Finance costs	922	1,140	1,420	4,765
(g) Depreciation and amortisation expense	6,371	6,475	6,485	25,960
(h) Other expenses (refer Note 6)	50,230	45,828	47,537	1,68,014
Total expenses	3,83,042	3,14,103	3,57,462	11,84,446
3 Profit before tax	34,276	13,682	24,556	60,683
4 Tax expenses				
(a) Current tax	12,514	4,915	9,201	24,078
(b) Deferred tax credit	(430)	(321)	(834)	(2,794)
Total tax expenses	12,084	4,594	8,367	21,284
5 Profit for the period/year	22,192	9,088	16,189	39,399
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	113	(294)	176	(469)
Income tax effect on above	(39)	103	(61)	164
(b) Items that will be reclassified to profit or loss in subsequent periods				
Net movement in cash flow hedges	25	5	(137)	236
Income tax effect on above	(9)	(2)	47	(82)
Total other comprehensive income, net of taxes	90	(188)	25	(151)
7 Total comprehensive income	22,282	8,900	16,214	39,248
8 Paid up equity share capital (Face value of Re.1 each)	2,644	2,644	2,644	2,644
9 Other equity				2,66,201
10 Earnings per equity share in Rs. (nominal value per share Re.1)**				
(a) Basic	8.39	3.44	6.12	14.90
(b) Diluted	8.39	3.44	6.12	14.90

*Refer Note 8

**Not annualised for quarters

See accompanying notes to the standalone Ind AS financial results

NOTES

1. The standalone Ind AS financial results for the quarter ended June 30, 2018 of United Breweries Limited (“the Company”) have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on August 9, 2018 and August 10, 2018, respectively, 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 Indian Accounting Standard 34 (Ind AS 34), “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 as per Ind AS 108 and hence separate segment disclosures have not been made. Further, considering the seasonality of the business, the revenue and profits do not accrue evenly over the year.
4. Ind AS 115 “Revenue from Contracts with Customers”, mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. The application of Ind AS 115 has impacted the Company’s accounting for revenue from sale of products with consequential impact on expenses and taxes. The Company has applied the modified retrospective approach and debited retained earnings as at April 1, 2018 by Rs. 549 Lakhs, net of tax effect. Due to the application of Ind AS 115, revenue and expense for the quarter ended June 30, 2018 is lower by Rs. 3,975 Lakhs and Rs. 3,280 Lakhs, respectively, tax expense is lower by Rs. 243 Lakhs and profit after tax is lower by Rs. 452 Lakhs, vis-à-vis the amounts if replaced standards were applicable. The basic / diluted earnings per share for the quarter ended June 30, 2018 is Rs. 8.39 per share instead of Rs. 8.56 per share.
5. The Bihar State Government (“the Government”) vide its notification dated April 5, 2016 had imposed ban on trade and consumption of foreign liquor in the State of Bihar with immediate effect. The Company had 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. Further, pursuant to notification dated January 24, 2017, the Government did not renew existing brewery licenses for the financial year 2017-18 and consequently the Company was 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’). Accordingly, effective April 1, 2017, the Company discontinued production of beer at Bihar and had 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 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, 2018, the Company has property, plant and equipment (net) of Rs. 20,687 Lakhs at its unit in Bihar. Management believes that the carrying amount of these property, plant and equipment do not exceed their recoverable amount and is confident of utilization of these assets either for the new product line relating to non-alcoholic beverages in Bihar or for manufacturing units in other states. Accordingly, no provision 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 review report on the standalone financial results.

6. Employee benefits expense for the quarter ended June 30, 2017 and the year ended March 31, 2018 is net of reversal of Rs. 632 Lakhs.

Sales promotion expense (included under other expenses) for the quarters ended June 30, 2018, March 31, 2018 and June 30, 2017 is net of reversal of Rs. 1,384 Lakhs, Rs. 841 Lakhs and Rs. 290 Lakhs, respectively, and that for the year ended March 31, 2018 is net of reversal of Rs. 851 Lakhs (excluding the amounts accrued and reversed within the said year).

Selling and distribution expense (included under other expenses) for the quarters ended March 31, 2018 and June 30, 2017 is net of reversal of Rs. 744 Lakhs and Rs. 318 Lakhs, respectively and that for the year ended March 31, 2018 is net of reversal of Rs. 981 Lakhs (excluding the amounts accrued and reversed within the said year).

7. The Company had 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 an erstwhile director (including his joint holdings) and United Breweries (Holdings) Limited, without its prior permission. Accordingly, the Company has withheld payment of Rs. 1,127 Lakhs relating to dividend on aforesaid shares and the Company would also withhold payment of proposed dividend for year ended March 31, 2018 on shares held by the aforesaid parties, which is subject to approval by the shareholders at the ensuing annual general meeting.

Further, the Company had received various orders from tax and provident fund authorities prohibiting the Company from making any payment to an erstwhile 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 erstwhile director.

8. The figures of the last quarter ended March 31, 2018 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2018 and the unaudited published year-to-date figures up to December 31, 2017 being the date of the end of the third quarter of the financial year which were subjected to limited review.
9. The previous period/year's figures have been regrouped where necessary to confirm to this period's classification.
10. 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



Shekhar Ramamurthy
Managing Director

Place : Bengaluru
Date : August 10, 2018

Limited Review Report**Review Report to
The Board of Directors
United Breweries Limited**

We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of United Breweries Limited ("the Company") for the quarter ended June 30, 2018 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation"), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ("the Circular").

The preparation of the Statement, in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, read with the Circular, is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind AS") specified under Section 133 of the Companies Act, 2013, read with relevant rules thereunder and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

We draw attention to Note 5 to the accompanying unaudited standalone Ind AS financial results, which more fully describes the uncertainty relating to the outcome of special leave petition filed by the Bihar State Government before the Honourable Supreme Court of India and the consequential impact thereof. Our conclusion is not qualified in respect of this matter.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per Mahendra Jain
Partner

Membership No.: 205839



Place : Bengaluru

Date : August 10, 2018



PERFORMANCE HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2018

- **VOLUME GROWTH OF 12% COMPARED WITH INDUSTRY GROWTH OF 9%**
- **NET SALES UP 12%, GROSS MARGIN INCREASED BY 180 BASIS POINTS**
- **EBITDA INCREASED 28%, PROFIT BEFORE TAX UP 40%**

UBL started the year strongly, recording double digit volume and net revenue growth. Gross margin expanded by about 180 basis points driven by favorable state mix, pricing and effective cost management of input material costs. EBITDA growth was strong, with EBITDA margin increasing to more than 22%.

The industry recorded volume growth in almost all key states. In Kerala and Maharashtra (excluding Mumbai) the market reversed the highway ban induced negative trend of the previous quarters. Following the new excise policy in Uttar Pradesh effective April 1, 2018, a large number of new wholesale licenses were granted, boosting industry growth. However, the market in West Bengal is still challenging, as market volumes remain impacted by the steep excise duty increase introduced in the fourth quarter.

UBL realized volume growth in most states except West Bengal and Mumbai. In several states, the Company faced supply constraints, including in Uttar Pradesh and in multiple markets the South given a shortfall in peak season capacity.

- In the North, UBL saw significant volume growth in Rajasthan and Delhi.
- Growth in the South was driven by large markets such as Telangana, and Tamil Nadu. In Kerala, UBL returned to growth after a few quarters of decline. Karnataka volumes were adversely affected by the State elections in May.
- Growth in the East was driven by Orissa, whilst in West Bengal volume was under pressure.
- In the West, in Maharashtra (excl. Mumbai) UBL's volumes grew, despite a change in duty structure given easier comparatives, with volumes last year impacted by the highway ban. Goa and Daman also saw volume growth.

Cash flow from operations was strong and combined with better working capital management, resulted in UBL's net debt levels decreasing significantly, to about 93 Crore, driving interest costs down by 35%. The capital investment program remains on track, in line with guidance provided in the fourth quarter.

Bangalore, August 10, 2018