



UNITED BREWERIES LIMITED

February 08, 2017

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 December 31, 2016

In terms of Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we are furnishing herewith Un-audited Financial Results of the Company for the quarter ended December 31, 2016.

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: ubinvestor@ubmail.com Website: www.unitedbreweries.com

Rs. In Lakhs

Statement of unaudited standalone results for the quarter and nine months ended December 31, 2016

Particulars	Quarter ended			Year to date		Year ended
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1 Income from operations						
(a) Income from operations	218,507	215,301	214,257	750,375	697,477	939,536
(b) Other operating income	4,579	4,823	6,173	17,298	20,061	24,464
Total income from operations	223,086	220,124	220,430	767,673	717,538	964,000
2 Expenses						
(a) Cost of materials consumed	48,718	46,513	45,292	165,667	151,684	209,703
(b) Purchases of stock-in-trade	-	226	1,062	280	4,578	5,289
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,204)	933	(492)	(63)	1,264	(1,107)
(d) Excise duty on sale of goods	120,584	116,269	110,739	404,896	354,906	480,119
(e) Employee benefits expense (refer note 6)	8,497	8,847	8,236	26,318	24,834	33,429
(f) Depreciation and amortisation expense	6,975	7,021	6,153	20,364	17,967	24,351
(g) Sales promotion expenses	9,111	8,101	9,726	28,436	30,873	41,119
(h) Selling and distribution expense (refer note 7)	11,673	12,342	11,015	42,286	40,069	53,321
(i) Other expenses	12,911	14,777	17,249	45,848	53,135	73,458
Total expenses	217,265	215,029	208,980	734,032	679,310	919,682
3 Profit from operations before other income, finance costs and exceptional items (1-2)	5,821	5,095	11,450	33,641	38,228	44,318
4 Other income	3,295	79	1,793	4,735	5,630	8,616
5 Profit from ordinary activities before finance costs and exceptional items (3+4)	9,116	5,174	13,243	38,376	43,858	52,934
6 Finance costs	1,528	1,411	1,841	4,421	5,908	7,591
7 Profit from ordinary activities after finance costs but before exceptional items (5-6)	7,588	3,763	11,402	33,955	37,950	45,343
8 Exceptional items	-	-	-	-	-	-
9 Profit from ordinary activities before tax (7+8)	7,588	3,763	11,402	33,955	37,950	45,343
10 Tax expense	2,739	1,058	4,277	11,695	13,400	15,556
11 Net Profit (9-10)	4,849	2,705	7,125	22,260	24,550	29,787
12 Other comprehensive income, net of taxes	(278)	(503)	34	(740)	(464)	(433)
13 Total Comprehensive Income (11+12)	4,571	2,202	7,159	21,520	24,086	29,354
14 Paid-up equity share capital (Face value of Re. 1 each)	2,644	2,644	2,644	2,644	2,644	2,644
15 Earnings per share (Fair value of Re. 1 each)*						
(a) Basic	1.84	1.02	2.70	8.42	9.29	11.27
(b) Diluted	1.84	1.02	2.70	8.42	9.29	11.27

*Not annualised for quarters

See accompanying notes to the financial results

NOTES

1. The standalone results for the quarter ended December 31, 2016 and year to date from April 1, 2016 to December 31, 2016 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 February 8, 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. The Company has not opted to avail relaxation provided by SEBI in respect of disclosure requirements for corresponding figures of earlier periods. Accordingly, the figures for the year ended March 31, 2016 have been presented after incorporating the applicable Ind AS adjustments in addition to figures for the quarter ended December 31, 2016 and year to date from April 1, 2016 to December 31, 2016. The reserves (excluding revaluation reserve), as per the balance sheet of the previous accounting year not being mandatory, has not been presented.
3. The Company has transitioned to Ind AS with effect from April 1, 2016 with transition date being April 1, 2015. The transition has been carried out from generally accepted accounting principles in India ("the Previous GAAP"). The reconciliation of the net profit for the corresponding periods under the Previous GAAP with the total comprehensive income as reported in these financial results under Ind AS, is presented below:

	Rs. in Lakhs		
	Quarter ended December 31, 2015	Year to date December 31, 2015	Year ended March 31, 2016
	(Unaudited)	(Unaudited)	(Unaudited)
Net profit under Previous GAAP	7,212	24,313	29,457
Fair valuation of financial instrument	591	3,949	4,136
Actuarial loss/(gain) on defined benefit plan recognised under Other comprehensive income	(53)	709	661
Foreign exchange gain/(loss) on restatement of loan	(671)	(4,295)	(4,292)
Effect of tax on above	46	(126)	(175)
Net profit under Ind AS	7,125	24,550	29,787
Other comprehensive income, net of tax	34	(464)	(433)
Total comprehensive income	7,159	24,086	29,354

4. The Company is engaged in the manufacture and sale of beer including licensing of brands which constitutes a single operating segment. The Company also considers the whole of India as a single geographical area. Further, considering the seasonality of the business, the revenue and profits do not accrue evenly over the year.
5. The Bihar State 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. Pursuant to such notification, the Company had filed a writ petition with the Honourable High Court at Patna, requesting to set aside the said notification or to defer its implementation or to direct the authorities to make payment for beer supplied till the date of aforesaid notification, refund all advance duties and taxes paid by the Company and compensate for losses incurred on account of such abrupt notification. Vide notification dated April 9, 2016, the Bihar State Government has allowed production of beer in the state of Bihar for export to outside states.

The Honourable High Court at Patna vide its order dated September 30, 2016 has allowed the aforesaid Writ petition, however, the Bihar State Government has preferred a special leave petition before the Honourable Supreme Court of India against this order. As an interim measure, the Honourable Supreme Court has directed that there shall be stay of operation of the order passed by the Honourable High Court at Patna, thereby upholding the validity of the High Court Order.

Further, vide a Notification issued on January 24, 2017, the Bihar State Government has decided not to renew existing brewery licenses from the financial year 2017-18. The said Notification also mentions that, upon application, permission shall be granted for manufacture of non-alcoholic drinks / beverages.

As at December 31, 2016, the Company has fixed assets (net) of Rs. 24,040 Lakhs, inventories (gross) of Rs. 1,319 Lakhs, trade receivables (gross) of Rs. 2,493 Lakhs and advances of Rs. 1,111 Lakhs at its units in Bihar. Management believes that the carrying amount of the aforesaid fixed assets do not exceed their recoverable amount and is confident of utilization of aforesaid assets either by transfer to other units or other alternative use. Provision aggregating to Rs. 1,283 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.

6. Employee benefits expense for the year to date period ended December 31, 2015 and the year ended March 31, 2016 includes Rs. 1,331 Lakhs towards compensation for loss of office to erstwhile managing director and that for the year ended March 31, 2016 is net of reversal of provision no longer required amounting to Rs. 424 Lakhs.
7. Selling and distribution expense for the quarters ended December 31, 2016, September 30, 2016 and December 31, 2015 is net of reversal of Rs. 144 Lakhs, Rs. 439 Lakhs and Rs. 718 Lakhs, respectively and that for the year to date period ended December 31, 2016, the year to date period ended December 31, 2015 and the year ended March 31, 2016 is net of reversal of Rs. 904 Lakhs, Rs. 2,112 Lakhs and Rs. 2,239 Lakhs, respectively.
8. 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 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.

The Company had 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 had 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 had accordingly withheld payment of Rs.164 Lakhs relating to director commission and sitting fees payable to the aforesaid director. On November 30, 2016, the entire withheld amount has been paid to the Tax Recovery Officer (TDS), Bengaluru based on an order received from the Commissioner of Income Tax (TDS). During the quarter ended December 31, 2016, the Company has further withheld payment of Rs.0.69 Lakhs (net of TDS), relating to sitting fees payable to the aforesaid director.

9. The Securities and Exchange Board of India vide its order dated January 25, 2017 ("the SEBI Order") has restrained Dr. Vijay Mallya, Non-Executive Chairman of the Company, from holding position as Director or Key managerial person of any listed company. The Bombay Stock Exchange vide its letter dated January 27, 2017 and the National Stock Exchange vide its letters dated January 25, 2017, January 27, 2017 and January 30, 2017, have sought the status of compliance with the SEBI Order from the Company. The Company has initiated necessary steps to comply with the SEBI Order.
10. The previous period/year figures have been regrouped where necessary to confirm to this period's classification.
11. The 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 : Mumbai
Date : February 8, 2017



United Breweries Ltd.

PERFORMANCE HIGHLIGHTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2016.

- **9M VOLUME AND NET SALES REVENUE FLAT WITH SLIGHT MARKET SHARE GAIN**
- **Q3 VOLUME DOWN 8%, NET REVENUE DOWN 6.5%**
- **EARNINGS ADVERSELY IMPACTED BY UNFAVOURABLE MARKET CONDITIONS IN Q3**

For the nine month period UBL volume was flat, slightly ahead of the industry which was down 2%, and resulting in marginal market share gain. Revenue net of excise was flat in line with volume. However, the 3rd quarter was adversely impacted by demonetization, which resulted in both UBL & industry volume down 8%.

UBL year to date volumes grew in almost all regions but declined in the Western region, whilst the industry saw volume growth in the North and South, and volume decline in the East and West.

UBL captured growth opportunities in the East, resulting in significant volume growth and market share gain. Growth in the East was driven by the West Bengal, Orissa and Jharkhand markets. In Bihar where total prohibition was declared on 5th April 2016, there was no revenue during the period.

Growth in the Southern region was driven by Andhra Pradesh, Telangana and Kerala, with UBL achieving market share gains, however Karnataka witnessed a drop in volumes with UBL holding market share.

In the North UBL gained significant volume growth in Delhi and Uttaranchal markets, while most other markets witnessed volume declines

Input costs continued to be under pressure, with price increases in barley and sugar, which were in part offset by improved efficiencies.

Better working capital management resulted in lower borrowings, which coupled with lower borrowing costs led to a 25% reduction in interest costs.

The unfavorable market conditions combined with the impact of demonetization, excise duty increases in several states and pressure on cost of materials consumed, resulted in a drop in UBL's EBITDA and PAT in the 3rd quarter versus last year.

Arising out of a Public Interest Litigation, the Supreme Court of India, by its Judgment dated December 15, 2016, has held that by April 1, 2017 the licenses for operating of liquor shops on the National and State highways and within a distance of 500 meters of the outer edge of the National or State highways, shall be ceased. The said Judgment also prohibits any signage and advertisement relating to liquor on the highways. Prime facie, it is estimated that about 40% of all outlets are potentially affected. The long term implications are yet to be better understood, and will be dependent on the number of outlets having an opportunity to relocate to an alternative location.

Mumbai, February 8, 2017

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

We have reviewed the accompanying statement of unaudited standalone financial results of United Breweries Limited ("the Company") for the quarter ended December 31, 2016 and year to date from April 1, 2016 to December 31, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report 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") prescribed 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 Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, 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 financial results, which more fully describes the decision made by the Bihar State Government for not renewing brewery license from the financial year 2017-18 and the uncertainty related to the outcome of special leave petition filed by the Bihar State Government with the Honourable Supreme Court of India against the order of the Honourable High Court at Patna, in relation to ban imposed by the Bihar State Government on trade and consumption of foreign liquor in the state of Bihar with effect from April 5, 2016. Provision of Rs. 1,283 Lakhs have been made in this regard and no other adjustment is considered necessary in these financial results. Our conclusion is not qualified in respect of this matter.

For S.R. Batliboi & Associates LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants


per Mahendra Jain
Partner

Membership No.: 205839



Place : Mumbai

Date : February 8, 2017