

**USL HOLDINGS LIMITED**

**FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED

**March 31, 2016**

USL Holdings Limited

Balance Sheet as at March 31, 2016

	Note No	As at 3/31/2016 USD	As at 3/31/2015 USD
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	2.1	500,000	500,000
b. Reserves and Surplus	2.2	(854,689,099)	(845,154,303)
<b>2. Non-current Liabilities</b>			
a. Long term borrowings	2.3	876,236,263	877,928,811
<b>3. Current Liabilities</b>			
a. Trade Payables	2.4	110,896	153,037
		<u>22,158,060</u>	<u>33,427,545</u>
<b>II. Assets</b>			
<b>1. Non-current Assets</b>			
a. Non Current Investments	2.5	1,603	1,603
b. Long term Loans and advances	2.6	22,155,753	33,412,274
<b>2. Current Assets</b>			
a. Cash and Cash Equivalents	2.7	704	13,668
		<u>22,158,060</u>	<u>33,427,545</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 & 2

This is the Balance Sheet referred to in our report of even date

For Vishnu Ram & Co  
Chartered Accountants

S. Vishnumurthy  
Proprietor

Membership Number:22715

Firm Registration Number:004742S

Place: Bangalore

Date: 21/05/2016

For and on behalf of the board of directors of  
USL Holdings Limited

*(Signature)*

Authorised Signatory

*(Signature)*

USL Holdings Limited

Statement of Profit and Loss for the year ended March 31, 2016

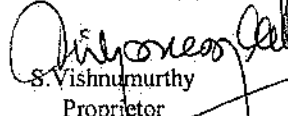
	Note No	For the year ended 3/31/2016 USD	For the year ended 3/31/2015 USD
<b>I. Revenue</b>			
Exchange Gain		1,700,903	
Provision no longer required		162,782	
		<u>1,863,685</u>	<u>-</u>
<b>II. Expenses</b>			
a. Finance Costs	2.8	156,207	1,809,331
b. Other expenses	2.9	169,163	321,293
		<u>325,370</u>	<u>2,130,624</u>
<b>III. Profit/(Loss) before tax and exceptional items</b>			
Exceptional items	2.10	1,538,315	(2,130,624)
Loss before tax		11,073,111	31,683,054
a. Tax Expense:		(9,534,796)	(33,813,678)
i. Current Tax		-	-
ii. Deferred Tax Charge / (Credit)		-	-
<b>IV. Loss for the year</b>		<u>(9,534,796)</u>	<u>(32,204,881)</u>
<b>V. Earning per share</b>			
i. Basic (Face value of \$ 1 each)		(19.07)	(64.41)
ii. Diluted (Face value of \$ 1 each)		(19.07)	(64.41)

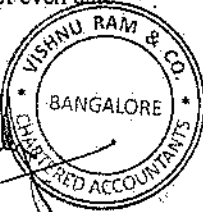
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 & 2

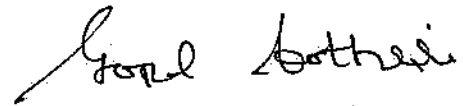
This is the Profit and Loss Account referred to in our report of even date

For Vishnu Ram & Co  
Chartered Accountants

  
S. Vishnumurthy  
Proprietor  
Membership Number: 22715  
Firm Registration Number: 004742S



For and on behalf of the board of directors of  
USL Holdings Limited



Authorised Signatory



Place: Bangalore

Date: 21/05/2016

USL Holdings Limited

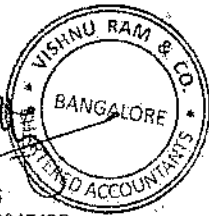
Cash Flow statement for the year ended March 31, 2016

	For the year ending 3/31/2016 USD	For the year ending 3/31/2015 USD
<b>A. Cash Flow from operating activities</b>		
Profit/(loss) before taxation	1,538,315	(2,130,624)
Adjustments for:		
Unrealised Foreign Exchange Loss / (Gain)	-	301,161
Interest Expense and Finance Charges	<u>156,207</u>	<u>1,508,170</u>
	156,207	1,809,331
Operating profit before working capital changes	1,694,522	(321,293)
(Increase)/decrease in Trade and other receivables	-	10,759,607
Increase/(decrease) in Trade payables	<u>(42,141)</u>	<u>(5,749,573)</u>
	(42,141)	5,010,034
Cash generated from operations	<u>1,652,381</u>	<u>4,688,741</u>
<b>B. Cash Flow from investing activities</b>		
Loans to Subsidiaries (Net)	<u>183,410</u>	<u>(139,713)</u>
Net cash used in investing activities	183,410	(139,713)
<b>C. Cash Flow from financing activities</b>		
Proceeds/(Repayment) of long term loans:	(1,692,548)	(7,805,848)
Interest and Finance Charges paid	<u>(156,207)</u>	<u>(1,508,171)</u>
Net cash generated from/(used in) financing activities	(1,848,755)	(9,314,019)
Net (Decrease)/ Increase in cash and cash equivalents	<u>(12,964)</u>	<u>(4,764,991)</u>
Cash and cash equivalents as at March 31, 2015	13,668	4,778,659
Cash and cash equivalents as at March 31, 2016	<u>704</u>	<u>13,668</u>
	<u>(12,964)</u>	<u>(4,764,991)</u>

This is the Cash Flow Statement referred to in our report of even date.

For Vishnu Ram & Co  
Chartered Accountants

S. Vishnumurthy  
Proprietor  
Membership Number: 22715  
Firm Registration Number: 004742S



For and on behalf of the board of directors of  
USL Holdings Limited

*George Mathan*  
Authorized Signatory

Place: Bangalore  
Date: 21/07/2016

USL Holdings Limited

Notes to the financial statements for the year ended March 31, 2016

	As at 3/31/2016 USD	As at 3/31/2015 USD
<b>2.1 Share Capital</b>		
<b>Authorised</b>		
5,00,000 (2015: 5,00,000) Ordinary Shares of \$1/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
<b>Issued, Subscribed and Paid-up</b>		
5,00,000 (2015: 5,00,000) Ordinary Shares of \$1/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

**a. Reconciliation of the number of shares outstanding**

	No. of Shares	Amount	No. of Shares	Amount
Number of ordinary shares at the beginning	500,000	500,000	500,000	500,000
Add: ordinary shares issued during the year				
Number of ordinary shares at the end	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

**b. Rights, preferences and restrictions attached to shares**

The Company has only one class of ordinary shares having a face value of \$1/- per share. Each holder of the ordinary shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their holdings.

**c. Shares held by holding/ ultimate holding company and/or their subsidiaries/ associates**

Particulars	As at March 31, 2016		As at March 31, 2015	
	No of shares		No of shares	
United Spirits Limited	500,000		500,000	

**d. Details of shareholders holding more than 5% shares in the company**

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	% holding	Number of shares	% holding
United Spirits Limited	500,000	100.00%	500,000	100.00%

**2.2 Reserves and Surplus**

**Foreign Currency Translation Reserve**

As per last Balance Sheet	(2,460,636)	(11,560,271)
Addition / Deletion during the year	-	9,099,635
	<u>(2,460,636)</u>	<u>(2,460,636)</u>
<b>Debit balance as per Statement of Profit and Loss</b>		
As per last Balance Sheet	(842,693,667)	(808,879,989)
Add: Profit/(loss) for the year	(9,534,796)	(33,813,678)
	<u>(852,228,463)</u>	<u>(842,693,667)</u>
	<u>(854,689,099)</u>	<u>(845,154,303)</u>

USL Holdings Limited

Notes to the financial statements for the year ended March 31, 2016

	As at 3/31/2016 USD	As at 3/31/2015 USD
<b>2.3 Long-term Borrowings</b>		
<b>Unsecured</b>		
Long term loan from Related parties		
- United Spirits Limited	790,487,703	792,204,637
- United Spirits Great Britain Limited	24,386	-
- Palmer Investment Group Limited	75,491,832	75,491,832
- UB Sports management overseas Limited	10,232,342	10,232,342
	<b>876,236,263</b>	<b>877,928,811</b>

b. Terms of repayment for unsecured borrowings

<b>Borrowings</b>	<b>Terms of Repayment</b>
Loan from related parties	Interest free and repayable after 12 months

USL Holdings Limited

Notes to the financial statements for the year ended March 31, 2016

	<u>As at 3/31/2016 USD</u>	<u>As at 3/31/2015 USD</u>
<b>2.4 Trade Payables</b>		
Sundry Creditors	110,896	153,037
	<u>110,896</u>	<u>153,037</u>

USL Holdings Limited

Notes to the financial statements for the year ended March 31, 2016

	As at 31-Mar-16 USD	As at 31-Mar-15 USD
<b>2.5. Non-current Investments</b>		
<b>Trade investments</b>		
<b>Unquoted</b>		
Investment in Subsidiaries : Unquoted		
10,000 Ordinary Shares of USL Holdings (UK) Limited	1,603	1,603
	<u>1,603</u>	<u>1,603</u>



USL Holdings Limited

Notes to the financial statements for the year ended March 31, 2016

	As at 3/31/2016 USD	As at 3/31/2015 USD
<b>2.6 Long term Loans and Advances</b> (Unsecured, considered good unless stated otherwise)		
McDowell & Co (Scotland) Ltd	7,292,697	7,292,697
AOIL	3,544,138	3,544,138
USL Holdings UK	864,130,240	864,313,650
SWOL	<u>7,122</u>	<u>7,122</u>
	874,974,197	875,157,607
Less : Provision for loans		
USL Holdings UK	849,274,306	841,745,333
AOIL	3,544,138	
	<u>22,155,753</u>	<u>33,412,274</u>

USL Holdings Limited

Notes to the financial statements for the year ended March 31, 2016

	As at 3/31/2016 USD	As at 3/31/2015 USD
<b>2.7 Cash and Cash Equivalents</b>		
Balances with Banks:		
In Current accounts	704	13,668
	<u>704</u>	<u>13,668</u>

USL Holdings Limited

Notes to the financial statements for the year ended March 31, 2016

	As at 3/31/2016 USD	As at 3/31/2015 USD
<b>2.8 Finance Cost</b>		
Interest	156,207	1,508,170
Exchange Loss (Net)		310,061
	<u>156,207</u>	<u>1,818,231</u>
<b>2.9 Other Expenses</b>		
Legal and Professional	169,163	321,293
	<u>169,163</u>	<u>321,293</u>
<b>2.10 Exceptional items</b>		
Provision for loans and advances	7,528,973	31,683,054
	<u>7,528,973</u>	<u>31,683,054</u>

## 1. Significant Accounting Policies

### i. Basis of Preparation and Presentation :

The financial statements have been prepared in conformity with the accounting principles generally accepted in India, in particular, these financial statements have been prepared in compliance with the mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

The financial statements have been prepared to facilitate the consolidation of the financial statements of the Indian holding company in accordance with the accounting standard AS – 21, Consolidated Financial Statements.

The financial statements are prepared under the historical cost convention, on going concern basis and on the accrual basis of accounting, unless otherwise stated. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### ii. Impairment of Assets :

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use.

### iii. Revenue recognition:

All revenues are generally recognized on accrual basis except where there is an uncertainty of ultimate realization. Dividend from investment in shares is recognized when the company's right to receive the amount is established.

### iv. Foreign Currency Transactions:

Foreign currency transactions during the year are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary items are translated into the reporting currency at the closing rates of exchange prevailing at the date of the balance sheet. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency, are reported using exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded, are recognised as income or as expenses in the year in which they arise.

### v. Tax expense:

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the law prevailing in BVI. Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred

tax assets and liabilities of a change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognised deferred tax assets of earlier year are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which deferred tax assets can be realized.

vi. Investments:

Investments are stated at cost including brokerage, fees, duties, and borrowing costs till the date of acquisition and other expenses directly attributable to the acquisition of the investment. Current investments are shown at lower of cost and fair value. Permanent declines in the value of long-term investments are recognized. Temporary declines in the value of long-term investments are ignored.

vii. Provisions and contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

viii. Earnings per share

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of share used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been issued on the conversion of all dilutive potential equity shares. The number of shares and potentially dilutive shares are adjusted for the bonus and sub-division of shares.

ix. Segment reporting

Business segments are defined as a distinguishable component of an enterprise that is engaged in providing a group of related products and services and that is subject to differing risks and returns and about which separate financial information is available. This information is reviewed and evaluated regularly by the management deciding how to allocate resources and in assessing the performance.

For the period under reference the company considers all its activities as relating to a single business segment and relating to a single geographical area.

Notes to the financial statements for the year ending March 31, 2016

2.11 Related Party Disclosures :

i) List of related parties:

Sl. No.	Name of the related party	Nature of relationship
1.	United Spirits Limited	Holding Company
2.	Palmer Investment Group Limited	Fellow Subsidiary
3.	Montrose International S.A.	Fellow Subsidiary
4.	UB Sports Management Overseas Ltd (Formerly known as JIHL Nominees Limited)	Fellow Subsidiary
5.	USL Holdings (UK) Limited	Subsidiary
6.	McDowell (Scotland) Limited	Fellow Subsidiary
7.	United Spirits (Great Britain) Limited	Fellow Subsidiary
8.	United Spirits (UK) Limited	Fellow Subsidiary
9.	United Spirits Nepal Private Limited	Fellow Subsidiary
10.	Asian Opportunities and Investments Limited	Fellow Subsidiary
11.	Shaw Wallace Overseas Limited	Fellow Subsidiary
12.	SW Finance Co Limited *	Fellow Subsidiary
13.	Four Seasons Wines Limited	Fellow Subsidiary
14.	Chapin Landias S.A.S **	Fellow Subsidiary
15.	Liquidity Inc	Fellow Subsidiary
16.	Bouvet Ladubay S.A.S **	Fellow Subsidiary
17.	Royal Challengers Sports Pvt Ltd	Fellow Subsidiary
18.	United Spirits Shanghai Trading Co Ltd	Fellow Subsidiary
19.	Wine Soc. of India Private Limited	Associate
20.	UB Distilleries	Associate
21.	Tern Distilleries Private Limited	Fellow Subsidiary
22.	Sovereign Distilleries Limited	Fellow Subsidiary
23.	Pioneer Distilleries Limited	Fellow Subsidiary
24.	United Spirits Singapore Pte Limited	Fellow Subsidiary
25.	Relay B. V	Promoter of holding company
26.	United Breweries (Holdings) Limited	Promoter of holding company
27.	Diageo India Private Limited	Promoter of holding company
28.	Diageo Scotland Limited	Promoter of holding company
29.	Diageo Plc	Promoter of holding company
30.	Diageo Singapre Supply Pte Ltd	Promoter of holding company
31.	Kingfisher Finvest India Limited	Promoter of holding company
32.	Diageo Brands BV	Promoter of holding company
33.	Diageo Vietnam	Promoter of holding company

		company
34.	Diageo Great Britain Limited	Promotor of holding company
35.	Diageo Australia Limited	Promotor of holding company
36.	Diageo North America, Inc	Promotor of holding company
37.	Diageo Singapore Pte. Limited	Promotor of holding company
38.	Guinness Nigeria Limited	Promotor of holding company
39.	Diageo Ireland	Promotor of holding company

\* Merged with United Spirits Limited effective 15.09.2015

\*\*Ceased to be fellow subsidiary effective 18.11.2015

ii) Related Party Transactions :

Sl. No.	Nature of Transactions :	2016	2015
1	Investments :		
	USL Holdings (UK) Limited	USD 1,968	USD 1,968
2	Holding Company :		
	Share Capital	USD 500,000	USD 500,000
	Unsecured Loans	USD 790,487,703	USD 792,204,637
3.	Unsecured loan – fellow subsidiaries		
	Palmer Investment Limited	USD 75,491,832	USD 75,491,832
	UB Sports Management Limited	USD 10,236,608	USD 10,236,608
	United spirits Great Britain	USD 24,386	
4.	Loans and advances		
	McDowell & Co (Scotland) Limited	USD 7,292,697	USD 7,292,697
	USL Holdings UK	USD 14,855,934	USD 22,568,317
	AOIL	Nil	USD 3,544,138
	Shaw Wallace Overseas Limited	USD 7,122	USD 7,122

2.12 Cash Flow :

Cash flow statement is prepared using the indirect method of cash flow statement and in accordance with AS 3 – Cash Flow Statements.

2.13 Contingent Liabilities:

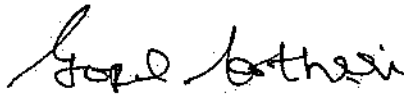
All known liabilities, wherever material, are provided for and liabilities, which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent.

2.14 The financial statements have been prepared on the going concern basis on the continued support of the company's parent, United Spirits Limited.

2.15 Figures are rounded off to the nearest reporting currency.

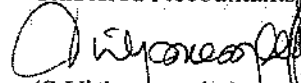
2.16 Previous year figures have been regrouped where ever necessary.

For and on behalf of the Board of Directors  
of USL Holdings Limited

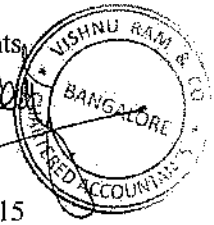
  
Authorised representative

Place : Bangalore  
Date : 21/07/2016

Per our report of even date  
For Vishnu Ram & Co.  
Chartered Accountants

  
(S. Vishnumurthy)  
Proprietor  
Membership no. 22715

Firm Registration No.004742S





**VISHNU RAM & CO.,**  
CHARTERED ACCOUNTANTS

To

The Board of Directors,  
USL Holdings Limited

1. This has reference to your letter dated 17.04.2016 requesting us to carry out an audit of and report on the financial statements of **USL Holdings Limited** (“the company”), which is a subsidiary of United Spirits Limited, Bangalore.
2. Accordingly, we have audited the attached Balance Sheet of the company as at 31<sup>st</sup> March 2016, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended 31<sup>st</sup> March 2016 annexed thereto. These financial statements are your responsibility. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. Emphasis of matter

The company has prepared its financial statements on going concern basis relying upon the letter of financial support given by its holding company/ultimate holding company.

5. We report that;

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give a true and fair view in conformity with accounting principles generally accepted in India;

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31-03-2016, and

# VISHNU RAM & CO.,

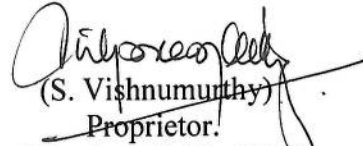
CHARTERED ACCOUNTANTS

(b) in the case of the Statement of Profit and Loss of the loss for the year ended 31-3-2016 and

(c) in the case of cash flow statement, of the cash flows for the year ended 31-3-2016

Place: Bangalore  
Date : 21-05-2016

For Vishnu Ram & Co.,  
Chartered Accountants,

  
(S. Vishnumurthy)  
Proprietor.

Membership No.22715  
Firm Registration No.004742S

