

**MONTROSE INTERNATIONAL S.A**

**FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED

**March 31, 2016**

Montrose International S.A

Balance Sheet as at March 31, 2016

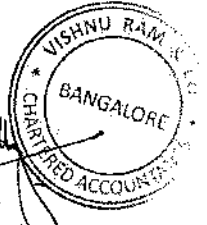
|                                  | Note No | As at<br>3/31/2016<br>USD | As at<br>3/31/2015<br>USD |
|----------------------------------|---------|---------------------------|---------------------------|
| <b>I. Equity and Liabilities</b> |         |                           |                           |
| <b>1. Shareholders' Funds</b>    |         |                           |                           |
| a. Share Capital                 | 2.1     | 500,000                   | 500,000                   |
| b. Reserves and Surplus          | 2.2     | 14,883                    | 37,064                    |
| <b>3. Current Liabilities</b>    |         |                           |                           |
| a. Trade Payables                | 2.3     | 7,670                     | 3,381                     |
|                                  |         | <b>522,553</b>            | <b>540,445</b>            |
| <b>II. Assets</b>                |         |                           |                           |
| <b>1. Non-current Assets</b>     |         |                           |                           |
| a. Fixed Assets                  |         |                           |                           |
| i. Tangible Assets               | 2.4     | -                         | -                         |
| b. Long term Loans and advances  | 2.5     | 513,790                   | 516,040                   |
| <b>2. Current Assets</b>         |         |                           |                           |
| a. Cash and Cash Equivalents     | 2.6     | 8,763                     | 9,895                     |
| b. Short term Loans and Advances | 2.7     | -                         | 14,510                    |
|                                  |         | <b>522,553</b>            | <b>540,445</b>            |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS 1 & 2

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

For and on behalf of the board of directors of Montrose International S.A

For Vishnu Ram & Co  
Chartered Accountants  
*S. Vishnumurthy*  
Proprietor  
Membership Number: 22715  
Firm Registration Number: 004742S



*Gore Jethani*  
Authorised Signatory  
*prh*

Place: Bangalore  
Date: 31/03/2016

Montrose International S.A

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

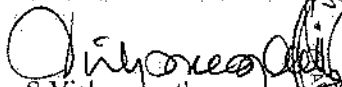
|   | Note No | For the year ended<br>3/31/2016<br>USD | For the year ended<br>3/31/2015<br>USD |
|---|---------|--|--|
| <b>I. Revenue</b>                         |         | -                                      | -                                      |
| <b>II. Expenses</b>                       |         |  |  |
| a. Depreciation                           |         | -                                      | 3,245                                  |
| b. Other expenses                         | 2.8     | 22,181                                 | 24,828                                 |
|   |         | <u>22,181</u>                          | <u>28,073</u>                          |
| <b>III. Profit/(loss) before taxation</b> |         | (22,181)                               | (28,073)                               |
| a. Tax Expense:                           |         |  |  |
| i. Current Tax                            |         | -                                      | -                                      |
| ii. Deferred Tax Charge / (Credit)        |         | -                                      | -                                      |
| <b>Profit/(loss) for the year</b>         |         | <u>(22,181)</u>                        | <u>(28,073)</u>                        |
| <b>V. Earning per share</b>               |         |  |  |
| i. Basic (Face value of \$ 1000 each)     |         | (44.36)                                | (56.15)                                |
| ii. Diluted (Face value of \$ 1000 each)  |         | (44.36)                                | (56.15)                                |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS 1 & 2

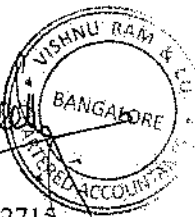
This is the Statement of Profit and Loss referred to in our report of even date

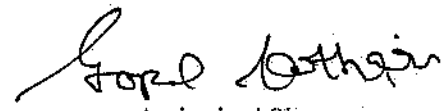
For and on behalf of the board of directors of Montrose International S.A

For Vishnu Ram & Co  
Chartered Accountants

  
S. Vishnumurthy  
Proprietor

Membership Number: 22715  
Firm Registration Number: 004742S



  
Authorized Signatory  
gsm

Place: Bangalore  
Date: 21/05/2016

Montrose International S.A

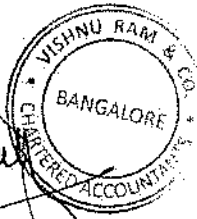
Cash Flow statement for the year ended March 31, 2016

|  | For the year ending<br>3/31/2016<br>USD | For the year ending<br>3/31/2015<br>USD |
|--|---|---|
| <b>A. Cash Flow from operating activities</b>                |   |   |
| Profit/(loss) before taxation                                | (22,181)                                | (28,073)                                |
| Adjustments for:   |   |   |
| Depreciation   | -                                       | 3,245                                   |
| Operating loss before working capital changes                | (22,181)                                | (24,828)                                |
| (Increase)/decrease in Trade and other receivables           | 14,510                                  | 5,005                                   |
| Increase/(decrease) in Trade payables                        | 4,289                                   | -                                       |
| <b>Net Cash used in operations</b>                           | <b>(3,382)</b>                          | <b>(19,823)</b>                         |
| <b>B. Cash Flow from investing activities</b>                |   |   |
| Loans  | 2,250                                   | 14,593                                  |
| <b>Net cash generated from investing activities</b>          | <b>2,250</b>                            | <b>14,593</b>                           |
| <b>C. Cash Flow from financing activities</b>                |   |   |
|  | -                                       | -                                       |
| <b>Net (Decrease)/ Increase in cash and cash equivalents</b> | <b>(1,132)</b>                          | <b>(5,230)</b>                          |
| Cash and cash equivalents as at March 31, 2015               | 9,895                                   | 15,125                                  |
| Cash and cash equivalents as at March 31, 2016               | 8,763                                   | 9,895                                   |
|  | (1,132)                                 | (5,230)                                 |

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  
Montrose International S.A

*[Signature]*  
Authorised Signatory

*[Signature]*

Place: Bangalore

Date: 21/05/2016

Montrose International S.A

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

|  | As at<br>3/31/2016<br>USD | As at<br>3/31/2015<br>USD |
|--|---------------------------|---------------------------|
| <b>2.1 Share Capital</b>                                 |                           |                           |
| <b>Authorised:</b>                                       |                           |                           |
| 500 (2015: 500) Shares of \$ 1,000/- each                | 500,000                   | 500,000                   |
|  | <u>500,000</u>            | <u>500,000</u>            |
| <b>Issued, Subscribed and Paid-up</b>                    |                           |                           |
| 500 (2015: 500) Shares of \$ 1,000/- each fully paid up. | 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 shares at the beginning  | 500           | 500,000        | 500           | 500,000        |
| Add: shares issued during the year |               |                |               |                |
| Number of shares at the end        | <u>500</u>    | <u>500,000</u> | <u>500</u>    | <u>500,000</u> |

b. Rights, preferences and restrictions attached to shares

The Company has only one class of shares having a face value of \$ 1,000/- per share. Each holder of the 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 Ltd | 500                  | 500                  |

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 Ltd | 500                  | 100%      | 500                  | 100%      |

2.2 Reserves and Surplus

Surplus as per Statement of Profit and Loss

As per last Balance Sheet

Add: Profit/(loss) for the year

Less: Appropriations:

|                 |                 |
|-----------------|-----------------|
| 37,064          | 65,137          |
| <u>(22,181)</u> | <u>(28,073)</u> |
| 14,883          | 37,064          |
| <u>14,883</u>   | <u>37,064</u>   |

**Montrose International S.A**

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

|                           | <b>As at<br/>3/31/2016<br/>USD</b> | <b>As at<br/>3/31/2015<br/>USD</b> |
|---------------------------|------------------------------------|------------------------------------|
| <b>2.3 Trade Payables</b> |                                    |                                    |
| Sundry Creditors          | 7,670                              | 3,381                              |
|                           | <u>7,670</u>                       | <u>3,381</u>                       |

Montrose International S.A

| Tangible           | GROSS BLOCK             |           |                          |                         | DEPRECIATION            |                 |                          |                         | NET BLOCK               |                         |
|--------------------|-------------------------|-----------|--------------------------|-------------------------|-------------------------|-----------------|--------------------------|-------------------------|-------------------------|-------------------------|
|                    | As at<br>March 31, 2016 | Additions | Deletion/<br>Adjustments | As at<br>March 31, 2015 | As at<br>March 31, 2016 | For the<br>year | Deletion/<br>Adjustments | As at<br>March 31, 2015 | As at<br>March 31, 2015 | As at<br>March 31, 2016 |
| Office Equipments: | 8,331                   | -         | -                        | 8,331                   | 8,331                   | -               | -                        | 8,331                   | -                       | -                       |
| Vehicles           | 63,490                  | -         | -                        | 63,490                  | 63,490                  | -               | -                        | 63,490                  | -                       | -                       |
|                    | 71,821                  | -         | -                        | 71,821                  | 71,821                  | -               | -                        | 71,821                  | -                       | -                       |

Montrose International S.A

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

|  | As at<br>3/31/2016<br>USD | As at<br>3/31/2015<br>USD |
|--|---------------------------|---------------------------|
| <b>2.5 Long term Loans and Advances</b>              |                           |                           |
| (Unsecured, considered good unless stated otherwise) |                           |                           |
| Security Deposits                                    |                           |                           |
| Considered Good                                      | 6,540                     | 6,540                     |
| Considered Doubtful                                  | -                         | -                         |
|  | <u>6,540</u>              | <u>6,540</u>              |
| Less: Provision for doubtful Deposits                | <u>-</u>                  | <u>-</u>                  |
|  | 6,540                     | 6,540                     |
| Loans and Advances to Related Parties:               |                           |                           |
| PALMER   | 434,056                   | 434,056                   |
| UB Sports  | 2,500                     | 2,500                     |
| AOIL   | <u>70,694</u>             | <u>72,944</u>             |
|  | <u>507,250</u>            | <u>509,500</u>            |
|  | <u><b>513,790</b></u>     | <u><b>516,040</b></u>     |



**Montrose International S.A**

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

|  | As at<br>3/31/2016<br>USD | As at<br>3/31/2015<br>USD |
|--|---------------------------|---------------------------|
| <b>2.6 Cash and Cash Equivalents</b>   |                           |                           |
| Balances with Banks:   |                           |                           |
| In Current accounts  | 8,763                     | 9,895                     |
|  | <u>8,763</u>              | <u>9,895</u>              |
| <br><b>2.7 Short Term Loans and Advances</b><br>(Unsecured, considered good unless stated otherwise) |                           |                           |
| Pre-paid Expenses  | -                         | 14,510                    |
|  | <u>-</u>                  | <u>14,510</u>             |

Montrose International S.A

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

|                           | As at<br>3/31/2016<br>USD | As at<br>3/31/2015<br>USD |
|---------------------------|---------------------------|---------------------------|
| <b>2.8 Other Expenses</b> |                           |                           |
| Power and Fuel            | -                         | 545                       |
| Rent                      | 6,267                     | 6,267                     |
| Legal and Professional    | 3,122                     | 5,423                     |
| License                   | 12,534                    | 12,534                    |
| Miscellaneous             | 260                       | 61                        |
|                           | <u>22,183</u>             | <u>24,830</u>             |

## 1. Significant Accounting Policies

### i. Basis of Preparation and Presentation :

The company is incorporated and domiciled in Republic of Panama. The company prepares its Financial Statements in the reporting currency i.e. USD.

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 tax laws of Republic of Panama. 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. 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.

vii. 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.

viii. Fixed Assets and Depreciation:

Fixed assets are stated at cost less accumulated depreciation. The company capitalises all direct costs relating to the acquisition and installation of fixed assets. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready to use before such date are disclosed under "Capital work-in-progress and advances".

Depreciation is computed using straight line method, at the rates specified under Schedule II of the Indian Companies Act 2013. Depreciation for assets purchased during a period is proportionately charged.

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

2.9 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.      | McDowell (Scotland) Limited   | Fellow Subsidiary      |
| 4.      | UB Sports Management Overseas Ltd<br>(Formerly known as JHL Nominees Limited) | Fellow Subsidiary      |
| 5.      | USL Holdings (UK) Limited   | Fellow Subsidiary      |
| 6.      | USL Holdings 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.     | Four Seasons Wines Limited  | Fellow Subsidiary      |
| 13.     | Chapin Landias S.A.S **   | Fellow Subsidiary      |
| 14.     | Liquidity Inc   | Fellow Subsidiary      |
| 15.     | Bouvet Ladubay S.A.S **   | Fellow Subsidiary      |
| 16.     | Royal Challengers Sports Pvt Ltd  | Fellow Subsidiary      |
| 17.     | United Spirits Shanghai Trading Co Ltd  | Fellow Subsidiary      |
| 18.     | Wine Soc. of India Private Limited  | Associate              |
| 19.     | UB Distilleries   | Associate              |
| 20.     | Tern Distilleries Private Limited   | Fellow Subsidiary      |

|     |                                      |                             |
|-----|--------------------------------------|-----------------------------|
| 21. | Sovereign Distilleries Limited       | Fellow Subsidiary           |
| 22. | Pioneer Distilleries Limited         | Fellow Subsidiary           |
| 23. | United Spirits Singapore Pte Limited | Fellow Subsidiary           |
| 24. | Relay B. V                           | Promoter of holding company |
| 25. | United Breweries (Holdings) Limited  | Promoter of holding company |
| 26. | Diageo India Private Limited         | Promoter of holding company |
| 27. | Diageo Scotland Limited              | Promoter of holding company |
| 28. | Diageo Plc                           | Promoter of holding company |
| 29. | Diageo Singapre Supply Pte Ltd       | Promoter of holding company |
| 30. | Kingfisher Finvest India Limited     | Promoter of holding company |
| 31. | Diageo Brands BV                     | Promoter of holding company |
| 32. | SW Finance Co Limited *              | Fellow Subsidiary           |
| 33. | Diageo Vietnam                       | Promoter of holding company |
| 34. | Diageo Great Britain Limited         | Promoter of holding company |
| 35. | Diageo Australia Limited             | Promoter of holding company |
| 36. | Diageo North America, Inc            | Promoter of holding company |
| 37. | Diageo Singapore Pte. Limited        | Promoter of holding company |
| 38. | Guinness Nigeria Limited             | Promoter 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 :                |             |             |
|---------|---|-------------|-------------|
|         |   | 31.03.16    | 31.03.15    |
| 2       | Holding Company :                       |             |             |
|         | Share Capital                           | USD 500,000 | USD 500,000 |
| 3.      | Loans and advances                      |             |             |
|         | Palmer Investment Group Limited         | USD 434,056 | USD 434,056 |
|         | Asian Opportunities and Investments Ltd | USD 70,694  | USD 72,944  |
|         | UB sports Management overseas limited   | USD 2,500   | USD 2,500   |

2.10 Cash Flow :

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

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



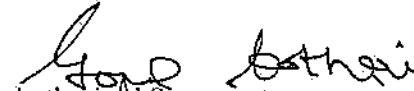
2.12 Contingent Liabilities:

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.

2.13 Figures are rounded off to the nearest reporting currency.

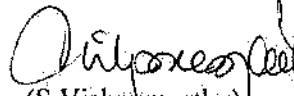
2.14 Previous year figures have been regrouped where ever found necessary.

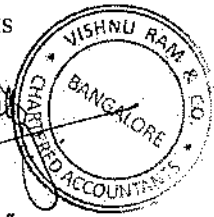
For and on behalf of the Board of Directors  
of Montrose International S.A.

  
Authorised Signatory  
*MR*

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,  
Montrose International S. A.,

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 **Montrose International S. A.** ("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;

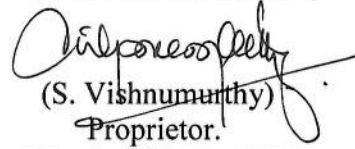
# VISHNU RAM & CO.,

CHARTERED ACCOUNTANTS

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