UNITED SPIRITS
A DIAGEO Group Company

UNITED SPIRITS LIMITED

Registered Office: "UB Tower", No.24, Vittal Mallya Road, Bangalore 560001

Tel: 080-39856500; Fax: 080-39856862;

Corporate Identity Number: L01551KA1999PLC024991; Website:www.unitedspirits.in e-mail:uslinvestor@unitedspirits.in

NOTICE

NOTICE IS HEREBY GIVEN OF THE SIXTEENTH ANNUAL GENERAL MEETING (AGM) of United Spirits Limited (Company) to be held at 'UB Tower', Level 1, # 24, Vittal Mallya Road, Bangalore - 560 001 on Tuesday, November 24, 2015 at 2.30 p.m. for the following purposes.

ORDINARY BUSINESS

1) To receive, consider and adopt:

   the Audited Financials Statements (including Consolidated Financial Statements) for the financial year ended March 31, 2015, and the Reports of the Directors and Auditors thereon.

2) To appoint a Director in place of Mr. Ravi Rajagopal (DIN: 00067073), who retires by rotation and being eligible, offers himself for re-appointment.

3) To ratify the appointment of auditors of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an ordinary resolution:

   RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, pursuant to the recommendation of the Audit Committee of the Board of Directors and pursuant to the resolution passed by the members at the annual general meeting (AGM) held on September 30, 2014, the appointment of M/s. B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) as the auditors of the Company, to hold office until the conclusion of the twentieth AGM, subject to ratification of the appointment by the members at every AGM in accordance with the Companies Act, 2013, be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix such remuneration as may be recommended by the Audit Committee in consultation with the Auditors and that such remuneration may be paid on a progressive billing basis to be agreed upon between the Auditors and the Board of Directors.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification, the following Resolutions.

4) As an Ordinary Resolution

   Appointment of Dr. Nicholas Bodo Blazquez (DIN: 06995779) as a Director:

   RESOLVED THAT Dr. Nicholas Bodo Blazquez (DIN: 06995779), who was appointed as an additional director of the Company and whose period of office expires on the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

5) As an Ordinary Resolution

   Appointment of Mr. Rajeev Gupta (DIN: 00241501) as an Independent Director:

   RESOLVED THAT pursuant to the provisions of Sections 149, 150(2), 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule IV to the Companies Act, 2013, Mr. Rajeev Gupta (DIN: 00241501), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, who shall not be liable to retire by rotation, to hold office for an initial term of five consecutive years from December 23, 2014.

6) As an Ordinary Resolution

   Appointment of Mr. Mahendra Kumar Sharma (DIN: 00327684) as an Independent Director:

   RESOLVED THAT pursuant to the provisions of Sections 149, 150(2), 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule IV to the Companies Act, 2013, Mr. Mahendra Kumar Sharma (DIN: 00327684), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company who shall not be liable to retire by rotation to hold office for an initial term of five consecutive years from April 1, 2015.

7) As a Special Resolution

Revision in the terms of remuneration payable to Mr. Anand Kripalu, Managing Director and Chief Executive Officer:

RESOLVED THAT in partial modification of the Resolution No. 12, passed at the 15th Annual General Meeting of the Company held on September 30, 2014, the terms of remuneration of Mr. Anand Kripalu, Managing Director and Chief Executive Officer, be and are hereby revised as under, with effect from July 1, 2015, and shall remain in force till the end of his tenure as Managing Director and Chief Executive Officer, unless otherwise revised before the completion of his tenure by obtaining the approval of the members by way of special resolution and that all other terms and conditions of the Resolution No. 12, passed at the 15th Annual General Meeting of the Company held on September 30, 2014 shall continue unaltered.

1	Salary	Basic Salary of Rs.21,42,000/- per month (as against Rs.26,33,890/- per month previously approved), with such increments as may be determined by the Board of Directors of the Company from time to time, in the salary range of Rs. 20,00,000/- to Rs. 35,00,000/- per month and with proportionate increase in all benefits related to the quantum of salary.
2	Special Allowance	Special Allowance at the rate of 50% of the proposed basic salary per month. This will be taken into account for calculation of Provident Fund, Gratuity, Superannuation Benefits and Annual Incentive Plan or equivalent.
3	Personal Allowance	Rs.9,44,400/- per month (as against Rs. 9,53,400/- per month previously approved) in the range of Rs. 9,00,000/- to Rs. 16,00,000/- per month.
4	Annual Incentive Plan (AIP) or equivalent	As per the rules framed by the Company in this regard and is variable in nature depending on individual and company performance parameters. Target payout is Rs. 24,94,440/- per month.
5	Long Term Incentive Plan (LTIP) or equivalent	Diageo Executive Long Term Incentive Plan (DELTIP), or equivalent; target of Rs. 2,40,58,944/- and United Spirits Stock Appreciation Rights Plan target of Rs. 1,20,75,000/- as per the rules framed by the Company in this regard.
6	Perquisites	i) Housing – Furnished/ unfurnished residential accommodation or house rent allowance of maximum of 50% of basic salary in lieu thereof. The expenditure incurred by the Company on gas, electricity and water shall be valued as per the Income Tax Rules, 1962. ii) House Maintenance, Repairs and Painting at actuals as per the Company's policy. iii) LTA of Rs. 15,500/- per month as per Rules of the Company, as applicable. iv) National Pension Scheme (NPS) - Contribution or allowance of 10% Basic Salary per month as per the Company's rules. v) Medical Reimbursement – Expenses incurred for Mr.Kripalu and his family on actuals, as per the rules of the Company, as applicable. vi) Club Fees – Fees of clubs subject to a maximum of two clubs. This will include admission and corporate annual membership fees. vii) Group Mediclaim Policy – Hospitalisation expenses for Mr.Kripalu and his family on actuals as per rules of the Company and as applicable to employees of his grade. viii) Group Term Life Insurance – Life insurance for Mr.Kripalu as applicable to employees of his grade and as per rules of the Company. ix) Personal Accident Insurance – Accident Insurance for Mr. Kripalu as applicable to employees of his grade and as per rules of the Company. x) Provident Fund – The Company's contribution to Provident Fund shall be as per the Scheme of the Company, as applicable. xi) Superannuation/Annuity Fund – The Company's contribution to Superannuation or Annuity Fund shall be in accordance with the Scheme of the Company, as applicable. xii) Gratuity – Payable in accordance with the Rules of the approved Fund of the Company, as applicable. xiii) Encashment of leave not availed – As per the Rules of the Company, as applicable. xiv) Provision of cars, cell phone and telephone (at the residence) – Provision of two Company cars with drivers and actual fuel; two mobile phones' expenditure, two telephones at residence including internet broadband expenditure as per the Company's policy. xv) Tax preparation services – Consulting services cost for filing tax returns payable at actuals. xvi) Such other benefits, amenities, facilities and perquisites as per the rules of the Company, as applicable and as may be permitted by the Board of Directors of the Company.

Provided that the remuneration payable to Mr. Kripalu (including salary, Special Allowance, Personal Allowance, Annual Incentive Plan (AIP) or equivalent, Long Term Incentive Plan (LTIP) or equivalent, Perquisites, Benefits, Amenities and Facilities) shall be subject to the provisions laid down in Section 197 and Schedule V of the Companies Act, 2013 or any other statutory provisions, modifications and re-enactments thereof.

FURTHER RESOLVED THAT the remuneration as aforesaid by way of Salary, Special Allowance, Personal Allowance, Annual Incentive Plan (AIP) or equivalent, Long Term Incentive Plan (LTIP) or equivalent, perquisites, benefits, amenities and facilities shall be paid and provided as "minimum remuneration" to Mr. Anand Kripalu notwithstanding the absence or inadequacy of profits in any financial year of the Company during the tenure of his office as the Managing Director of the Company, subject to all approval(s) as may be necessary.

By order of the Board

Place: Bangalore — V. Ramachandran
Date: September 23, 2015 — Company Secretary

Notes:

1. Please refer to the explanatory statement given hereunder.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten per cent of the total Share Capital of the Company carrying voting rights. Members holding more than ten per cent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

   The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for the holding of the AGM.

3. The Transfer Books and Register of Members will remain closed from November 16, 2015 to November 24, 2015 (both days inclusive).

4. The Annual General Meeting could not be held on or before September 30, 2015. The reasons for delay in holding the AGM are explained in the Directors' Report.

5. Members are required to immediately inform the Company's Registrars and Transfer Agents, M/s. Integrated Enterprises (India) Limited (IEIL), # 30, Ramana Residency, 4th Cross, Sampige Road, Bangalore - 560 003 (Telephone No.080 23460815-818 Fax No.080 2346 0819), in case of shares held in physical form and to their respective Depository Participants, in case of shares held in dematerialized/electronic form:-

   a) any change in their registered addresses along with PIN Code Number;

   b) details about their email addresses, if any, so that all notices and other statutory documents which are required to be sent to the Members, as per the provisions of the Companies Act, 2013, can be sent to their email addresses, in furtherance of the "Green Initiatives" introduced by the Ministry of Corporate Affairs (MCA); and

   c) details about their bank account number, name of bank, bank's branch name and address to enable the Company to draw dividend warrant payable accordingly.

6. Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note 4 above.

7. Members may please address all their documents/ correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note 5 above.

8. Nomination facility for shares is available for Members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents at the address as stated in Note 5 above.

9. The Company's equity shares are under compulsory dematerialization. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialized. Members with physical share certificates are advised to consider opening a Demat Account with an authorised Depository Participant and arrange for dematerializing their shareholdings in the Company.

10. Unclaimed Dividend:

    a) All Unclaimed/ Unpaid Dividend up to the financial year ended March 31, 1994, has been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Members who have not encashed the Dividend Warrants for the said period may claim their dividends from the Registrar of Companies - Karnataka, II Floor, E-Wing, Kendriya Sadan, Koramangala, Bangalore - 560 034.

    b) All Unclaimed/ Unpaid Dividend for the period from April 1, 1994 to March 31, 2008, required to be transferred to the Investor Education and Protection Fund (Fund) in terms of Section 205C of the Companies Act, 1956, has been transferred to the Fund.

    c) In terms of Section 205A and 205C of the Companies Act, 1956, the amount of dividend declared for the financial year ended March 31, 2009 and thereafter remaining unclaimed for a period of seven years from the due date of payment shall hereafter be transferred to the Investor Education and Protection Fund.

11. Members may note that once the Unclaimed/ Unpaid Dividend is transferred to the Fund, no claim shall lie against the Fund or the Company in respect of the individual amounts which were Unclaimed and Unpaid for a period of seven years from the dates when they first became due for payment, and as such no payment shall be made in respect of any such claim.

11.A. Details of unclaimed dividend has been uploaded on the Company's website www.unitedspirits.in.

12. Members attending the AGM are requested to bring with them the following:

    a) Members holding shares in dematerialised form, their DP & Client ID Numbers.

    b) Members holding shares in physical form, their Folio Numbers.

    c) Copy of the Annual Report and Notice, as no copies thereof would be distributed at the AGM.

    d) The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company.

    The Company would accept only the Attendance Slip from a member physically attending the AGM or from the person attending as a proxy under a valid proxy form registered with the Company in accordance with Note 2. Attendance Slips of Members/ valid proxies not personally present at the AGM or relating to Proxies which are invalid, will not be accepted from any other member/ person.

    The AGM is for members or their proxies only. Please avoid being accompanied by non-members/ children.

13. The Company has designated an exclusive email Id viz., uslinvestor@unitedspirits.in to enable investors to post their grievances and monitor its redressal.

14. Corporate members are required to send to the Company a certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the AGM.

15. The details required to be given in pursuance of Clause 49 of the Listing Agreement in case of directors being appointed/ reappointed are given in the Corporate Governance Section of the Annual Report and reproduced as part of the Explanatory Statement.

16. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administrations) Rules, 2014, the Company is pleased to provide to Members with a facility to exercise their right to vote at the 16^{th} AGM by electronic means and the business may be transacted through Electronic Voting (e-voting) services provided by Central Depository Services Limited [CDSL].

17. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

18. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

19. The instructions for shareholders voting electronically are as under:

    A. Members whose shareholding is in the dematerialised from and whose e-mail addresses are registered with the Company / Depository Participants will receive an e-mail informing Used ID and Password.

(i) The voting period begins on November 20, 2015 at 9.00 a.m. and ends on November 23, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of November 18, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on the link "Shareholders/Members".

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the United Spirits LImited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

B. For Members whose shareholding is in the Dematerialisation form and whose e-mail address is not registered with the Company/ Depository Participants, Members holding shares in Physical form as well as those Members who have requested for a physical copy of the Notice and Annual Report, the following instructions may be noted:

(i) Initial password is provided at the bottom of the Attendance Slip for the AGM: EVSN (Electronic Voting Sequence Number) USER ID and PASSWORD;

(ii) Please follow all steps from Note 19.A above to cast your vote.

20. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the 'downloads' section of www.evoting.india.com.

21. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot Password" option available on the site to reset the password.

22. If you are already registered with CDSL for e-voting then you can use your existing user ID and password for casting your vote and for others a separate user ID and password is provided.

23. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

24. The e-voting period commences on November 20, 2015 (9:00 a.m.) and ends on November 23, 2015 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of November 18, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

25. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, i.e., November 18, 2015.

26. Mr. Sudhir V Hulyalkar, Company Secretary in Practice (CP - 6137); Address: 16/8, Ground Floor, 2nd Cross, Gupta Layout, South End Road (Near South End Circle), Basavangudi, Bangalore 560 004 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

27. The Scrutinizer shall, not later than three days after the conclusion of the AGM, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorized by him and the Company will declare the results of the voting forthwith.

28. The results declared, along with the Scrutinizer's Report shall be placed on the Company's website - www.unitedspirits.in and on the website of CDSL immediately after the result is declared by the Chairman or any person authorised by him and communicated to the Stock Exchanges.

29. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 a.m. to 5.00 p.m.) on all working days except Saturdays, up to and including the date of the AGM of the Company.

30. The Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 4: Appointment of Dr. Nicholas Bodo Blazquez as a Director:

Dr. Nicholas Bodo Blazquez was appointed as an Additional Director with effect from October 20, 2014, in accordance with the provisions of sections 149, 152, 160 and 161 of the Companies Act, 2013 and the Articles of Association of the Company. In accordance with the provisions of Section 161 of Companies Act, 2013, Dr. Nicholas Bodo Blazquez held office up to September 30, 2015 (i.e., up to the last date on which the annual general meeting should have been held). Dr. Blazquez's appointment was continued when he was again appointed as an additional director with effect from October 1, 2015, in accordance with the provisions of sections 149, 152, 160 and 161 of the Companies Act, 2013 and the Articles of Association of the Company, up to the date of the AGM. The Board has received notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose his appointment.

No director, key managerial personnel or their respective relatives, except Dr. Nicholas Bodo Blazquez, to whom the resolution relates, is interested or concerned, financially or otherwise, in the resolution. Dr. Blazquez does not hold, by himself or for any other person on a beneficial basis, any shares in the Company.

Your Directors recommend the ordinary resolution set forth in Item No. 4 for your approval.

Profile of the Director is given in page 9 as an attachment to this notice.

Item Nos. 5 and 6: Appointment of Mr. Rajeev Gupta and Mr. Mahendra Kumar Sharma, Independent Directors for a fixed term of five years:

In accordance with the provisions of Section 149 read with Schedule IV of Companies Act, 2013 and in compliance with the provisions contained in clause 49 of the listing agreement entered into by the Company with the stock exchanges, the Board had appointed Mr. Rajeev Gupta and Mr. Mahendra Kumar Sharma on December 23, 2014 and April 01, 2015 respectively. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Rajeev Gupta and Mr. Mahendra Kumar Sharma held office up to September 30, 2015 (i.e., up to the last date on which the annual general meeting should have been held). Their respective appointments were continued when they were again each appointed as additional directors with effect from October 1, 2015, in accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, up to the date of the AGM.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company and the office of an Independent Director shall not be liable to retire by rotation in terms of Section 149(13) of the Companies Act, 2013. In compliance with the provisions of Sections 150(2), 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule IV to the Companies Act, 2013, and their respective appointment letters, the appointments of Mr. Rajeev Gupta and Mr. Mahendra Kumar Sharma as Independent Directors for a fixed initial term of five consecutive years from their respective dates of appointment, i.e., on December 23, 2014 and April 01, 2015, are each separately proposed.

The Company has received notices under Section 160 of the Companies Act, 2013 from members signifying their intention to propose their appointment.

In accordance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, Mr. Rajeev Gupta and Mr. Mahendra

Kumar Sharma are each eligible to be appointed as Independent Directors. Mr. Rajeev Gupta and Mr. Mahendra Kumar Sharma, are independent of the management and have submitted declarations that they meet the criteria for independence as provided in Section 149(6) of the Companies Act, 2013. In the opinion of the Board, both Mr. Rajeev Gupta and Mr. Mahendra Kumar Sharma fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and they have considerable experience and knowledge in their respective fields to enable the Board to discharge their functions and duties efficiently.

The terms and conditions of appointment for Independent Directors is available on the Company's website www.unitedspirits.in and would also be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on working days except Saturdays, up to the date of the AGM.

No director, key managerial personnel or their respective relatives, except Mr. Rajeev Gupta and Mr. Mahendra Kumar Sharma, to whom the respective resolutions relate, are interested or concerned, financially or otherwise, in the resolutions.

Mr. Rajeev Gupta and Mr. Mahendra Kumar Sharma do not hold, by themselves or for any other person on a beneficial basis, any shares in the Company.

Your Directors recommend each of the ordinary resolutions set forth in Item Nos. 5 and 6 for your approval.

Profile of the Directors are given in page 9 and 10 as an attachment to this notice.

Item No. 7: Revision in the terms of remuneration payable to Mr. Anand Kripalu, Managing Director and Chief Executive Officer:

At the 15th AGM held on September 30, 2014, the shareholders had approved the appointment of, and terms of remuneration payable to, Mr. Anand Kripalu as Managing Director and Chief Executive Officer of the Company for a period of five years with effect from August 14, 2014, inter alia with Basic Salary of Rs.26,33,890/- per month in the salary range of Rs.20,00,000/- to Rs.35,00,000/- per month and Special Allowance at the rate of 50% of the Basic Salary per month.

It is proposed that the salary be revised as stated in the resolution mentioned overleaf.

The Board accepted the proposal of Nomination and Remuneration Committee of the Directors to revise the remuneration of Mr. Anand Kripalu with an intention to increase the variable pay percentage and reduce the fixed pay percentage to move in line with other peer group companies.

No director, key managerial personnel or their respective relatives, except Mr. Kripalu, to whom the resolutions relate, is interested or concerned, financially or otherwise, in the resolutions set forth in Item No 7.

Mr. Kripalu does not hold, by himself or for any other person on a beneficial basis, any shares in the Company.

Your Directors recommend the Special Resolutions set forth in Item No 7 for your approval.

By order of the Board

Place : Bangalore
Date : September 23, 2015

V. Ramachandran
Company Secretary

Additional information on directors recommended for appointment / re-appointment required under Clause 49 of the Listing Agreement.

Mr. Ravi Rajagopal (DIN: 00067073)

Mr. Rajagopal is the former Global Head of Business Development of Diageo plc and was in that role since September 2010. Mr. Rajagopal joined Diageo in 1997 and held a variety of roles covering regional finance and group controller. He will be leaving Diageo plc as an employee at the end of September 2015 to pursue other business opportunities outside Diageo plc. He is a chartered accountant and a cost accountant and has attended the Advanced Management Program at the Harvard Business School.

Prior to joining Diageo, Mr. Rajagopal worked with ITC Ltd, India where again he held a variety of senior positions both in finance and general management. Mr. Rajagopal has over 30 years of experience. Mr. Rajagopal does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Rajagopal is not a Director in any other Indian Company.

Mr. Rajagopal has been appointed as a member of the Audit Committee, General Committee and Risk Management Committee of the Company.

Dr. Nicholas Bodo Blazquez (DIN: 06995779)

Dr. Nicholas Bodo Blazquez graduated from the University of Aberdeen with a Bachelor of Science majoring in anatomy. He has Ph.D. from the University of Bristol specializing in reproductive physiology.

Dr. Blazquez is President of Diageo Asia Pacific and Africa and a member of the global Executive Committee of Diageo plc, the world's leading premium drinks company. He is responsible for all of Diageo plc's businesses in Asia Pacific, Africa and Global Travel.

Dr. Blazquez has been with Diageo for over 25 years, covering leadership roles in Africa, Asia and Europe. His previous roles include President of Diageo Africa, Turkey, Russia and Central and Eastern Europe and Global Sales, President of Diageo Africa, Managing Director of Diageo Africa, Managing Director of Diageo Asia Key Markets covering Thailand, Japan, South Korea and Taiwan and Managing Director of Diageo Morgan Furze (UK). He is also a Trustee of Mercy Corps, an international development organization that helps people around the world survive and thrive after conflict, crisis and natural disaster.

Dr. Blazquez does not hold by himself or for any other person on a beneficial basis, any shares in the Company

Dr. Blazquez is not a Director in any other Indian Company.

Dr. Blazquez has been appointed as a Vice Chairman of the Company and as a member of the Audit Committee of the Company.

Mr. Rajeev Gupta (DIN: 00241501)

Mr. Rajeev Gupta graduated from IIT BHU in 1980 and completed a Master's in Business Administration from IIM Ahmedabad in 1982.

He has over 33 years of experience in industrial manufacturing businesses, investment banking and private equity. His prior work experience includes CEO position in Cosmo Ferrites Ltd and Joint Managing Director of DSP Merrill Lynch Ltd. He is now the CEO of Arpwood Capital Ltd, an Investment Banking Company he founded in 2012 and a partner in Arpwood Partners Investment Advisors LLP which manages private equity investments.

Details of Mr. Rajeev Gupta's directorships / partnerships in other Indian companies / firms / LLP are as under.

Directorships in other Indian Companies	Position held
Arpwood Capital Private Limited	Director
Arpwood Partners Investment Advisors LLP	Partner
Cosmo Films Limited	Director
Dalmia Cement Bharat Limited	Director
EIH Limited	Director
TVS Capital Funds Limited	Director
Vardhman Special Steel Limited	Director
VIP Industries Limited	Director

Mr. Gupta is the Chairman of Finance and Operations Committee and a Member of Audit Committee, Stakeholders Relationship Committee in Cosmo Films Limited. Mr. Gupta is also a Member of Mergers and Acquisition Committee in Dalmia Cement (Bharat) Limited, Member of Corporate Social Responsibility Committee in EIH Limited, Member of

Governance Committee in TVS Capital Funds Limited, Member of Remuneration Committee and Audit Committee in Vardhman Special Steel Limited.

Mr. Gupta does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Gupta has been appointed as a member of the Audit Committee of the Company.

Mr. Mahendra Kumar Sharma (DIN: 00327684)

Mr. Mahendra Kumar Sharma holds a Bachelors degrees in Arts and Law, and Post Graduate Diplomas in Personnel Management and Labour Laws. He has also attended the Advance Management Programme at the Harvard Business School.

Mr. Sharma joined Hindustan Unilever Limited (HUL) (Formerly known as Hindustan Lever Limited) in the year 1974 and subsequently joined the management committee of HUL in the year 1990. He has served on the Board of HUL for 12 years, with seven years as Vice-Chairman, starting from the year 2000 till his retirement in 2007.

Mr. Sharma has vast and rich experience in the field of mergers and acquisition, corporate restructuring and law. Mr. Sharma has served as member of the Corporate Law Committee formed by the Ministry of Corporate Affairs, and the Naresh Chandra Committee on Corporate Governance. He is also actively involved in several industry associations. Details of Mr. Sharma's directorships in other Indian companies and role in other associations are as under.

Directorships in other Indian Companies	Position held
Thomas Cook (India) Limited	Non-Executive Chairman
ICICI Bank Limited	Non-Executive Chairman
Wipro Limited	Independent Director
Asian Paints Limited	Independent Director
Blue Star Limited	Independent Director
East India Investment Co. Private Limited	Director
Gwalior Webbing Co. Private Limited	Director
Atria Convergence Technologies Private Limited	Director
Indian School of Business	Member, Executive Board
Anglo Scottish Education Society Limited	Director/Governor
Cathedral Welfare Trust	Trustee
The Sanmar Group, Chennai	Member–Advisory Board
M.K. Sharma & Associates	Owner

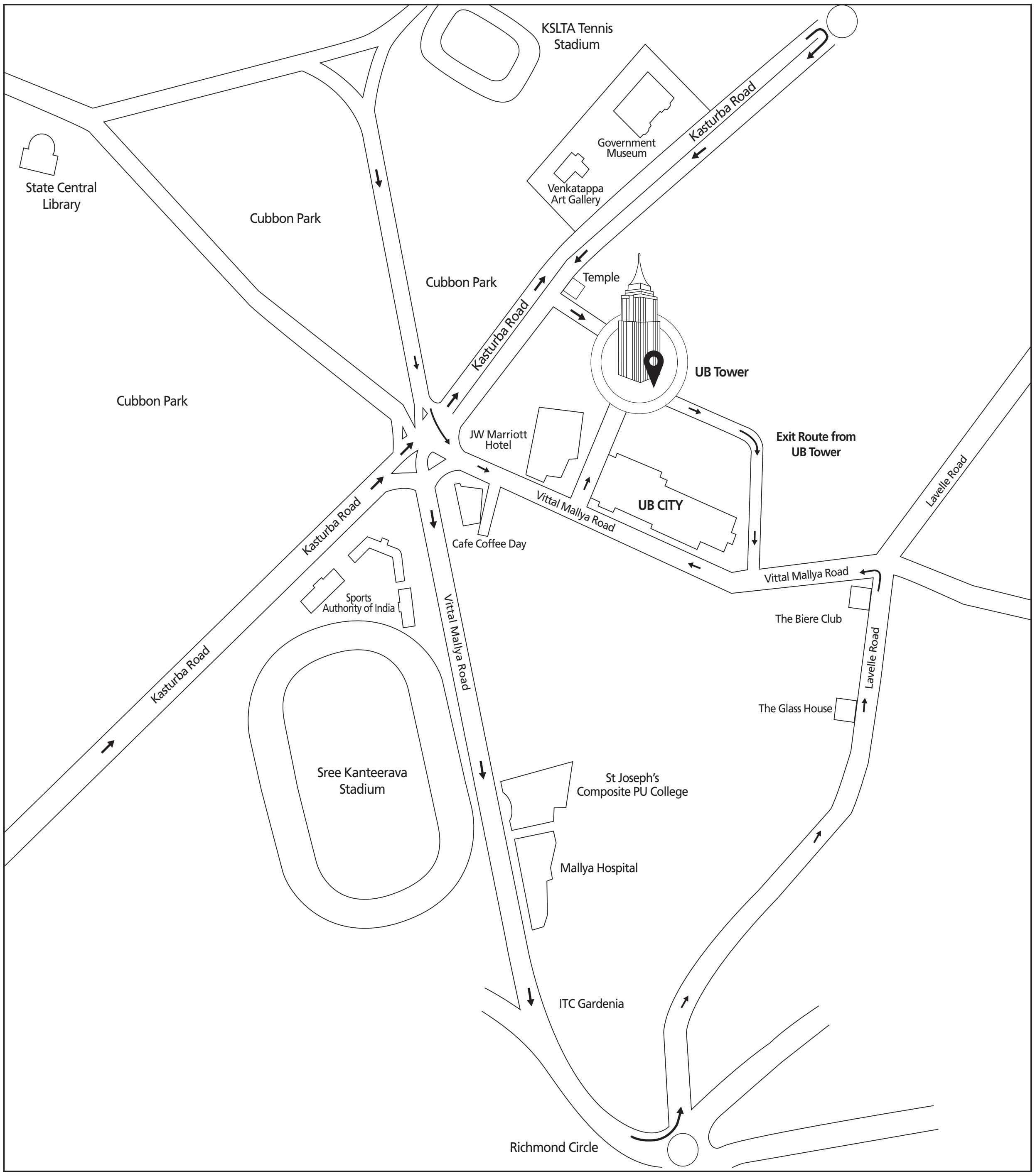
Mr. Sharma is a Member of the Audit Committee and Chairman of Shareholders / Investor's Grievance Committee of Wipro Limited. Mr. Sharma is also a member of the Audit Committee of Blue Star Limited, Asian Paints Limited, and Thomas Cook (India) Limited. Mr. Sharma is a member of the Board Nomination and Remuneration Committee of Asian Paints Limited.

Mr. Sharma does not hold by himself or for any other person on a beneficial basis, any shares in the Company

Mr. Sharma was appointed as the Chairman of the Audit Committee of the Company with effect from April 25, 2015.

Route Map

VENUE: LEVEL 1, UB TOWER, UB CITY, # 24 VITTAL MALLYA ROAD, BENGALURU - 560 001.



UNITED SPIRITS LIMITED

A DIAGEO Group Company

Registered Office: "UB Tower", No.24, Vittal Mallya Road, Bangalore 560001
Tel: 080-39856500; Fax: 080-39856862;
Corporate Identity Number: L01551KA1999PLC024991; Website:www.unitedspirits.in e-mail:uslinvestor@ unitedspirits.in

ATTENDANCE SLIP

16TH ANNUAL GENERAL MEETING

Date: Tuesday, November 24, 2015, 2015 at 2.30 p.m.
Place: Level 1, UB Tower, UB City, No.24, Vittal Mallya Road, Bangalore 560001

I/We hereby record my/our presence at the **SIXTEENTH ANNUAL GENERAL MEETING** of the Company being held on **Tuesday, November 24, 2015 at 2.30 p.m.at 'UB Tower', Level 1, # 24, Vittal Mallya Road, Bangalore - 560 001.**

Signature of the Member(s) / Proxy / Authorised Representative* ……………..........……………………
* Strike off whichever is not applicable.

NOTE:

1. The Company will accept only the Attendance Slip of a person personally attending the Meeting as a Member or a valid Proxy duly registered in time with the Company. The Company will not accept Attendance Slip from any other person even if signed by a Member. Members are requested not to bring non-Members or children.
2. Persons representing bodies corporate are required to submit with the Company original Resolution of the Board of Directors or other governing body of such Member, authorizing such person to act as its representative under Section 113 of the Companies Act, 2013.
3. Member/Proxy - holder attending the Meeting should bring his/her copy of the Annual Report for reference at the Meeting.
4. To facilitate Members, registration of attendance will commence at 1.30 p.m. on November 24, 2015.
5. Remote e-voting particulars are set out below:

Remote e-voting period begins on	Friday, November 20, 2015 at 9.00.a.m.	
Remote e-voting period ends on	Monday, November 23, 2015 at 5.00.p.m.	
Name of the Scrutinizer	Mr. Sudhir Hulyalkar, Practising Company Secretary	
EVSN	USER ID	PASSWORD
Help	You may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com	

IMPORTANT: MEMBERS PLEASE NOTE THAT NO GIFTS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING

UNITED SPIRITS LIMITED

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Registered Office: "UB Tower", No.24, Vittal Mallya Road, Bangalore 560001
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Corporate Identity Number: L01551KA1999PLC024991; Website:www.unitedspirits.in e-mail:uslinvestor@ unitedspirits.in

PROXY FORM (Form MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : ______________________________

Registered Address : ______________________________
____

E-mail Id : ______________________________

Folio No. / Client ID. : ____________________ DP ID. : ____________

I/We, being the holder(s) of ____________ Equity Shares of United Spirits Limited, hereby appoint:

(1) Name : ____________________ Address : ____________________
E-mail Id : ____________________ Signature : ____________, or failing him

(2) Name : ____________________ Address : ____________________
E-mail Id : ____________________ Signature : ____________, or failing him

(3) Name : ____________________ Address : ____________________
E-mail Id : ____________________ Signature: ____________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on Tuesday, November 24, 2015 at 2.30 p.m., at 'UB Tower', Level 1, # 24, Vittal Mallya Road, Bangalore - 560 001 and at any adjournment(s) thereof in respect of such resolutions as are indicated below:

S.No.	Resolutions
1.	To receive, consider and adopt: the Audited Financials Statements (including Consolidated Financial Statements) for the financial year ended March 31, 2015, and the Reports of the Directors and Auditors thereon.
2.	To appoint a Director in place of Mr. Ravi Rajagopal (DIN: 00067073), who retires by rotation and being eligible, offers himself for re-appointment.
3.	To ratify the appointment of auditors of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an ordinary resolution:
4.	Appointment of Dr. Nicholas Bodo Blazquez (DIN: 06995779) as a Director:
5.	Appointment of Mr. Rajeev Gupta (DIN: 00241501) as an Independent Director.
6.	Appointment of Mr. Mahendra Kumar Sharma (DIN: 00327684) as an Independent Director.
7.	Revision in the terms of remuneration payable to Mr. Anand Kripalu, Managing Director and Chief Executive Officer.

Signed this ....day of ....2015.

Affix Re.1/- Revenue Stamp

.... Signature of the Shareholder(s)

.... Signature of the Proxy holder(s)

Notes :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members not exceeding Fifty Members and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
3. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

Annual Report
2015







The Spirit of **Transformation**

UNITED SPIRITS
A DIAGEO Group Company

Contents

Foreword

United Spirits Limited (United Spirits or USL) is the undisputed leader of the Indian spirits industry.

Founded in 1826, USL is the largest Indian spirits company engaged in the manufacture, sale and distribution of beverage alcohol. USL produces and sells over 117 million (mn) cases of Scotch whisky, Indian Made Foreign Liquior (IMFL) whisky, brandy, rum, vodka, gin and wine.

Between 2013 and 2014, Diageo plc, the global leader in beverage alcohol, acquired a 54.8% shareholding in United Spirits, making the latter a subsidiary of Diageo plc.

The convergence of India's largest spirits company by volume on the one hand, comprising a strong portfolio of brands straddling every market segment, coupled with an enviable distribution network and Diageo's portfolio of iconic global brands on the other, is expected to transform the company and the market.

Through this Annual Report, we would like to provide our shareholders with a window into how United Spirits is reinventing itself to address one of the most exciting opportunities in the world.

Chairman's message

At the intersection of two **inflection points**

United Spirits is perched at the intersection of two inflection points. The first is the national transformation. India is undergoing a metamorphosis of sorts which is expected to greatly enhance disposable incomes, hasten social and economic growth, and accelerate lifestyle evolution.

The second inflection point is the one within our company. The past year has been a year of change and transformation as this valuable business with its rich legacy reinvents itself to respond to the aspirations of the evolving consumer, the ferocity of the competition, and the challenges of the environment. A business that delivers for today and is set to take on tomorrow.

Over the years, I have learnt that a number of opportunities are unleashed when markets enter into transition mode. I also believe that when companies move faster than the change transpiring in the market, great things happen!

It is with this optimism that I present this report to the shareholders of this valued company.

Dr. Vijay Mallya
Chairman

Executive Committee

Anand Kripalu
Managing Director & Chief Executive Officer

Vinod Rao
Head of Finance (from 25th April 2015)

Amrit Thomas
President & Chief Marketing Officer

Paramjit Singh Gill
President - All India Operations

Ajay Baliga
Executive Vice President - Manufacturing Projects & Quality Control

Steve Correa
Executive Vice President - Human Resources

Abanti Sankaranarayanan
Business Head - Luxury & Corporate Relations (from 1st May 2015)

Kedar Ulman
Executive Vice President - Sourcing & Business Development (till 30th June 2015)

Pankaj Gupta
Chief Procurement Officer and Business Planning, Supply Chain (from 1st July 2015)

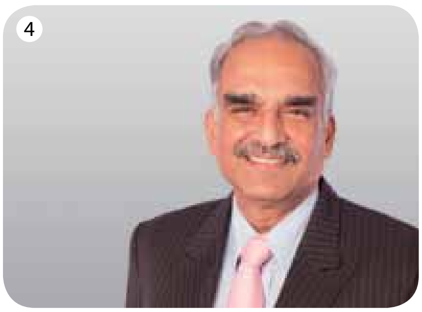
Company Secretary
V. Ramachandran

Auditors
BSR & Co. LLP
Chartered Accountants
(Registration No.101248W/W-100022)
Maruthi Info-Tech Centre
11-12/1 Inner Ring Road, Bangalore 560 071

Registered & Corporate Office
"UB Tower", #24, Vittal Mallya Road
Bangalore 560 001

Registrars & Transfer Agents
Integrated Enterprises (India) Limited,
30, Ramana Residency, 4th Cross,
Sampige Road, Malleswaram, Bangalore 560 003.
Tel: 080 2346 0815 to 818, Fax: 080 2346 0819

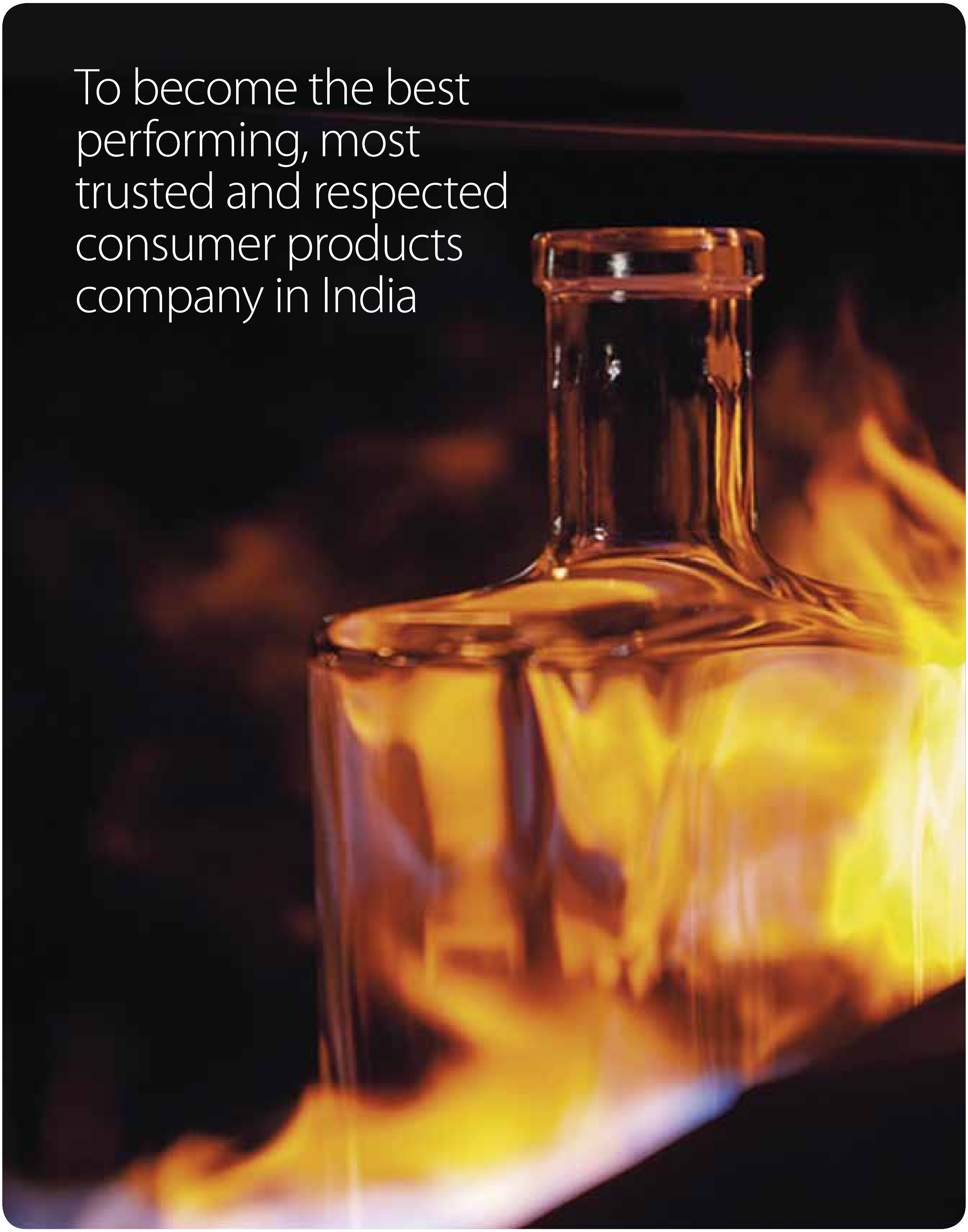
Board of Directors



1. Dr. Vijay Mallya
   Chairman
2. Dr. Nicholas Bodo Blazquez
   Vice Chairman
3. Anand Kripalu
   Managing Director and CEO
4. D Sivanandan
   Director
5. Sudhakar Rao
   Director
6. Dr. (Mrs.) Indu Shahani
   Director
7. Ravi Rajagopal
   Director
8. Rajeev Gupta
   Director
9. Mahendra Kumar Sharma
   Director

Vision statement

To become the best performing, most trusted and respected consumer products company in India



Company snapshot

United Spirits has an enviable history of entrepreneurship that has built the leadership of our brands and business over many generations.

Our strength lies in our scale, relationships, agility and determination to win. We invest in our brands and in the routes to reach consumer hands. We work in strong and diverse teams, with bright and collaborative people at every level.

Our purpose, Celebrating Life, Every Day, Everywhere is to make the most of life – to be the best we can be at work, at home, with friends and in the community.

8,353

Revenue (Rs. cr)

2nd

The 2nd largest spirits company in the world

117 mn

Cases produced annually

140

Largest portfolio of 140 brands

88

Manufacturing facilities

18

Million case brands

35,000

Contributed to the exchequer in duties (Rs. cr)

11,000+

Employment provided

37

Exports to 37 countries

Managing Director and CEO's message

"We have taken the first steps to fulfilling our vision – to become the best performing, most trusted and respected consumer products company in India"

Anand Kripalu explains the exciting transformation underway at United Spirits

Our optimism

India represents one of the most compelling spirits markets in the world, with good reason. Its per capita income has risen consistently over the last few years despite the economic slowdown. It grew 38% in the four years leading to 2014-15, tipping past the psychological barrier of $1000 a few years ago, following which, it is believed that consumption patterns begin to evolve from subsistence towards conspicuous.

The increase in disposable incomes and transformation in lifestyles are juxtaposed with the gradual erosion of social taboos around the consumption of alcohol beverages. Alcohol is an intrinsic part of celebrations; increasingly, the social barriers to enjoying alcohol within the family or at traditional celebrations, are being discarded.

Our strengths

At United Spirits, we are uniquely positioned to capitalise on this convergence – economic, social and attitudinal – for a number of reasons beginning with our talented and passionate people and the strength of our combined Diageo-USL portfolio of iconic brands.

We are the largest Indian spirits company by volume with sales of 117.06 million cases in Financial Year 2015 (FY15). Our enviable market share makes us the biggest beneficiary of any shifts in the country's consumption pattern.

No other spirits company in India possesses a portfolio as extensive as ours – spanning the affordable popular and prestige segments to premium and luxury, making it possible to serve consumers across all price points. Our formidable distribution network extends from the smallest mofussil towns to the toniest bars in the metros.

Transforming with speed

We have a rich legacy and history that every USL employee is proud of. But like all smart companies we must evolve or be left behind. The past year has seen the dawn of a new era for USL. With Diageo acquiring a majority shareholding in USL, it has become a part of the Diageo group. And thus, we embarked on a journey that has touched every aspect of our company as we set out to transform ourselves and our business.

Central to this transformation is our new vision – to become the best performing, most trusted and respected consumer products company in India. We formulated a three-year business strategy with five sharply focused strategic objectives, spanning brands, route to market, efficiencies, corporate citizenship and the organisation. I am pleased to let you know that the transformation agenda has already extended beyond strategy to reality. The depth and pace of the transformation has been possible only because the organisation has enthusiastically and absolutely embraced the change.

Transformation in action

FY15 has been a year of many firsts.

The first brand renovation in several years - Royal Challenge whisky – was marked by stunning new packaging, liquid and positioning backed by strong brand support and in-store execution. The consumer rewarded us with a significant jump in volumes.

We transformed 15,000 outlets into

'Perfect Stores' as we used the on and off-trade retail space to build imagery for our brands and catalyze growth.

We over-achieved our cost targets through optimised media buys, streamlined transportation networks, and enhanced Brand Value Engineering.

Good corporate citizenship took centre-stage. I am incredibly proud of our compliance and governance journey at USL, reflected in a whopping 20,000+ person-hours of training and awareness! More importantly, we are developing a culture of integrity, putting compliance and ethics at the heart of our business.

We made the largest capital investment in the last decade - to upgrade Health, Safety, Quality and Environment standards at 13 manufacturing sites, slashing Lost Time Accidents (LTA) by 75%.

As a responsible company, we crafted the United Spirits Marketing Code in line with global best practices to be a benchmark for responsible brand communication, brand and marketing initiatives. Treated responsibly, alcohol is associated with enjoyment and celebration, but we also acknowledge that – like many other products – when misused, alcohol can lead to problems for individuals, families and society. Road traffic injuries are a major public health problem and a leading cause of death and injury in India, quite often caused by drink driving. USL is implementing programmes to prevent drink driving in partnership with NGOs, state governments and educational institutions. Our Road to Safety programmes, launched by Mr. Nitin Gadkari, Union Cabinet Minister for Road Transport and Highways, in July last year, have imparted road safety and drink drive education to thousands of police officials, commercial drivers and university students across 30 cities, and brought the issue into living rooms at prime time through our partnership with the leading news channel NDTV.

Smt. Maneka Gandhi, Union Minister for Women & Child Development, launched Phase 2 of our women's empowerment entrepreneurship training programme. When I think of it, very few companies in India can boast of two Union Ministers publicly supporting their initiatives. When I think of how much this helps transform USL's reputation, I'm absolutely convinced we are on the right path.

We are well on our way to creating a future – ready organisation designed to deliver our vision. We redesigned the organisation structure with optimum spans and levels, created new functions and built capabilities through over 370 workshops, overhauled rewards and compensation and steered towards a more open and enabling culture.

A winning combination

We also recently integrated Diageo India's business, brands and people with that of USL's – knitting together two different organisations into one single team in pursuit of a single ambition.

Diageo has brought its many strengths to USL. Its premium and luxury brands such as Johnnie Walker, Singleton and Ciroc, that complement and complete our brand portfolio; its global expertise in marketing and brand innovation; its robust systems and processes; its world-class people and leadership development programmes, and much more.

Overcoming challenges

Our path has had its fair share of challenges. Regulatory headwinds, changing routes to consumers in many states, threats of prohibition and more. But what fills me with optimism is that we are getting better at anticipating these challenges and mitigating risk, working collaboratively with industry partners, where appropriate, to address common issues, and responding to evolving realities in the marketplace with urgency. Having said that, our best efforts will still not take us too far unless state governments extend 'ease of doing business' to our sector. Permitting alcobev companies to freely price their products is critical to the long-term sustainability of the alcobev business and of excise revenues generated by the sale of such products. Finally, alcohol beverages must be included in the Goods & Services Tax to increase transparency and reduce public health concerns.

Looking forward

The building blocks we put in place during FY15 have set us up well to achieve our deliverables in FY16. In a year of change and turbulence, we still delivered Rs.558 crores of EBIT (profit before finance costs and exceptional items). That gives us confidence that our strategy is paying off. We have bold plans and ambitious goals for FY16 in terms of revenue and profit growth as well as share gain in the premium segments, and we are going after them with a sense of purpose and belief.

We are excited and determined to combine the unique strengths of two fantastic companies, USL and Diageo, and forge a destination organisation that is truly the best of both, as we fulfill the potential of this great company.

Sincerely,

Anand Kripalu
Managing Director
and Chief Executive Officer

Our Flagship Brands

Bagpiper
Defined by a light malty aroma and smooth woody character. Inspires people to come together to bring about the change they want to see.

No. 1 Brandy
The largest selling brandy in India, this golden hued brandy is made with imported matured grape spirit distilled in pot stills and has a rich aroma of warm honey and vanilla.

White Mischief
A superior vodka carefully distilled to the highest levels of purity, symbolising the flamboyant spirit of youth.

No. 1 Celebration Rum
With an exceptionally smooth and mellow character, McDowell's No.1 Celebration Rum, the highest selling rum in India, is a catalyst for close friendships.

Black Dog
Manifested through two exquisite variants: Triple Gold Reserve and Black Reserve, Black Dog, founded by Sir Walter Millard in 1883, it is a luxury blended Scotch whisky.

Royal Challenge
Deep and intensely smooth blend made with premium Indian grain, malts and the finest Scotch matured in charred American oak casks.

Antiquity
Timeless blend of Indian grain, malts and Highland Scotch whisky ultra-distilled in antique copper pot stills for unmatched smoothness.

McDowell's No. 1
Exquisitely smooth blend of select Indian malts and Scotch whisky, alchemist of bonds between close friends since 1968.

Signature
Aged Indian malts blended to perfection with aged Islay and Highland Scotch whiskies makes this a special blend.

Director's Special
Exquisite smoothness with a distinct flavour. Popular blend that inspires people to be the masters of their own destinies.

Who we are

- India's leading spirits company
- Cover 81,000 stores
- Export to 37 countries
- Manufacturing facilities spread across the length and breadth of the country
- Our committed people are driven by entrepreneurial spirit, brilliant in execution, restless and agile in the pursuit of our ambition

Transformation journey

What we are becoming

- India's best performing, most trusted and respected consumer products company
- The leading player with growing market shares in the luxury, premium, prestige and popular segments
- A good corporate citizen committed to building shared value
- A company with the highest compliance and governance standards
- An entrepreneurial culture fused with global standards

Our story

UNITED SPIRITS HAS BEEN BUILT AND SUSTAINED THROUGH INNOVATION. THE ENTRY OF DIAGEO IN 2013 SAW THE COMPANY EMBARK ON A JOURNEY OF TRANSFORMATION – BUILDING AN ORGANISATION COMPETITIVE TODAY AND PREPARED FOR TOMORROW. WE ARE CREATING A CULTURE THAT COMBINES PACE AND AGILITY WITH THE ENTREPRENEURIAL SPIRIT WE ARE RENOWNED FOR; OUR HERITAGE BRANDS COUPLED WITH INNOVATIVE PRODUCTS AND IDEAS; AND TALENTED EMPLOYEES WHO ARE INSPIRED TO BE THE BEST, NURTURED AROUND A WINNING MINDSET.

THE RESULT: UNITED SPIRITS BUILDING ON ITS GREAT PAST TO CREATE AN EVEN BETTER FUTURE.

Our Brands

“Consumer preferences keep evolving. The successful brands of yesterday could be the moderate of today and the obsolete of tomorrow. At United Spirits, our focus is not only to renovate and rejuvenate our existing brands and keep them fresh and contemporary but also to introduce new brands aligned with evolving consumer preferences.”

Amrit Thomas, *President & Chief Marketing Officer*

A BIGGER CULTURAL TRANSFORMATION HAS TRANSPIRED OVER THE LAST DECADE THAN IN THE PREVIOUS DECADES AGGREGATED.

The growing incidence of young adult earners has created an entire generation of consumers that didn't exist earlier. This new generation consumer is more adventurous and more likely to experiment with new products and experiences. Globalisation has inspired an internationalisation of food and beverage consumption patterns. Opinions are being created and destroyed faster and stronger through social media. The quality of product positioning and packaging is catalysing offtake faster than ever. Social drinking is increasingly acceptable even in homes and traditional weddings.

Brands that invest in understanding consumer needs, evolve with speed, innovate through consumer-aligned products and contemporarise their positioning, are more likely to win the hearts and wallets of consumers.

At USL, we embarked on the journey to contemporarise our rich brand portfolio to match changing consumer tastes, unleashing their fullest value. This initiative comprises new positioning, communication and packaging.

In this journey to graduate consumers towards premium brands, we intend to accelerate product innovation and strengthen format innovation.

Royal Challenge renovation

Icon of boldness

Our premium whisky brand, Royal Challenge, embarked on a transformation journey to cater to a new breed of Indians who are bold, determined, spontaneous, free-willed, and who refuse to be intimidated by social and cultural pressures. Royal Challenge has redesigned its packaging, refined the blend and developed new communication to address discerning consumer tastes.

Adding boldness and authenticity

A bold look, the bottle stands tall and confident with the distinctive 'Rampant Lion' asset embossing. Fine detailing and embossing on the label and inner box carton as well as a first-of-its-kind canister in the category make the product aspirational.

A deep and intensely smooth blend

The finest Scotch, premium Indian grain and malts matured in charred American oak casks marks the intensely smooth blend from the award-winning lineage of Royal Challenge.

A bold new communication

The new communication inspires the consumer to 'Make a Bold Move', bringing alive the brand purpose 'To inspire the spirit of taking on life' through an inspirational narrative rooted in the lives of Gen Y.

Route to Consumer

“The store is our media to reach out to consumers. Restrictions on advertising put a premium on how the consumer can be persuaded at the point of sale. Over the last year, we developed initiatives to transform the quality of persuasion with the objective to generate better offtake.”

Paramjit Singh Gill,
President, All India Operations

IN A WORLD SPOILT FOR CHOICE, CONSUMER CHOICE CAN OFTEN BE INFLUENCED CONCLUSIVELY AT THE OUTLET, THE LAST MILE OF ENGAGEMENT

At United Spirits, we recognize the need to strengthen this last mile engagement, to remind and reinforce brand communication to consumers and convert them into willing buyers of our brands.

We had the vision of what a Perfect Store looks like, but to achieve it we had to convey this vision and visibility standards to the teams through classroom and online training to deliver consistent output.

The sales team took up the mantle to dramatically alter the way our brands showed up in over 81,000 retail stores across India, catalysing retail offtake. Our investment in building sales capability is already paying off. Customers and consumers across India have begun enjoying the same superior brand experience that is becoming the hallmark of United Spirits.

Sustainable Manufacturing

We understand that our distilleries and plants are at the heart of communities in which we work, that we have a responsibility to create shared value - for our shareholders, our people who work to make our business successful, and for the wider society that enables our business to flourish and grow.

At United Spirits, we embarked on the journey to enhance our manufacturing efficiency in line with the best global standards. USL is building on an environment-friendly culture, having engaged in water reduction, biomass use, captive power generation (steam turbine and gas engine), the use of recyclable Tetra Pak packaging and reduction in waste to land fill.

> “A relatively smaller but more modern porfolio of manufacturing plants will represent the foundation of a transformed organisation.”

Ajay Baliga,
Executive Vice President, Manufacturing, Projects and Quality Control

The company’s focus on environment, health and safety (EHS) resulted in a reduction in lost time accidents in the workplace by 79% over the previous year. The company launched Safety on Wheels, a defensive driving programme, including online safety training, for front-end sales persons who commute extensively to service retail stores.

We have embarked on an ambitious initiative to moderate the use of water on the one hand and purchase from external sources, enhancing resource availability for community consumption on the other. We are reducing our average water consumption year-on-year, in line with our global benchmarks. This will translate into lower costs related to water purchase, recycling and pollutant load reduction, strengthening manufacturing efficiency.

We moved from the use of fossil fuels to biomass in nearly all our manufacturing plants. Boilers were retrofitted for biomass consumption; we diversified its biomass mix (rice husk, briquettes or agri-waste and groundnut shells); the proportion of bio-mass in the overall fuel mix increased from 68% in 2013-14 to 85% in 2014-15.

Reducing Carbon Footprint

The company has reduced its carbon emission by 46% since FY 07.

Clean power generation

USL has focused on increased power generation through clean energy sources (steam turbine and gas-based engine). Today 43% of the total power generated by the company is derived from clean energy sources.

Use of Biomass

Biomass is a renewable energy source used to produce heat and electricity. It can play a key role in reducing CO^2 emissions from existing coal power plants and producing green energy heat. USL aims to lead the way in environmental conservation by increasing the use of biomass energy derived from the energy contained inside plants.

Water stewardship

In 2014-15, the company invested in water conservation technologies such as RO, water recycling plant, rain water harvesting etc, to optimise water consumption in operation thereby reducing water extraction by 1.1 ltr per 9 ltr case packed since FY 07.

Compliance and Governance

CODE OF BUSINESS CONDUCT & ETHICS

PEOPLE SEEK TO TRUST THE COMPANY BEHIND THE BRANDS THEY LOVE. OUR REPUTATION CAN ONLY BE SUSTAINED IF EACH OF US IS DOING THE RIGHT THING. AT UNITED SPIRITS, WE ARE COMMITTED TO SETTING AND UPHOLDING THE HIGHEST STANDARDS OF COMPLIANCE AND GOVERNANCE. COMPLIANCE IS A GLOBAL PRIORITY FOR OUR PARENT COMPANY DIAGEO, WHICH MEANS A COMMON SET OF EXPECTATIONS AND STANDARDS ENSURE THAT ALL BUSINESSES OPERATE AT THE HIGHEST BENCHMARKS AND THAT EVERY EMPLOYEE KNOWS WHAT IS THE RIGHT THING TO DO, EVERY DAY.

India is a good example of a market that reflects the growing importance of compliance where bribery and corruption are increasingly seen as unacceptable: new requirements in the Companies Act, anti-corruption platform of political parties, and overall media and public scrutiny. Companies need to ensure they are ethical and transparent in their dealings now more than ever.

Over the past 18 months, USL has enhanced its compliance and governance standards, beginning with the launch of an enhanced Code of Business Conduct & Ethics (Code). We updated the earlier Code to address the challenges of the current external environment and the heightened regulations and expectations of our stakeholders. The new Code converges all our important policies and codes into updated content, provides practical guidance on individual responsibilities and pays increased attention to key risk areas.

United Spirits has built a strong team of dedicated compliance and ethics experts to drive its compliance and ethics agenda. We launched the Code at a country-wide programme involving every single employee and location.

Subsequently, we trained every one of USL's 2844 executives on the Code in addition to some 2900 manufacturing workers. Thousands underwent anti-bribery & corruption training across more than 20,000 person-hours in doing business the right way. We also introduced a 'SpeakUp' helpline so that employees can report a suspected breach of its Code in complete confidence.

We also trained employees in the Prevention of Sexual Harassment at the Workplace Policy, which focuses on the prevention and redressal of harassment, particularly sexual harassment, at the workplace. USL is strongly committed to having a workplace that provides equal employment opportunities and a safe environment where employees can work in an environment where they can contribute their best.

The result is that the company is not just implementing processes but developing a culture of integrity where every single employee plays a critical part.

Finance

“We will embed a payback-driven perspective in decision making to help enhance revenues, save costs and add value across the company, thereby improving overall profitability”

Vinod Rao, *Head of Finance*

Finance

There is a premium on the need to optimise costs in the spirits business, where selling prices are tightly regulated by the government. The challenge for the finance team is to enhance operating margin, reduce finance costs and right-size the Balance Sheet thus strengthening profitability.

Over the last year, the management embarked on an overhaul of the Balance Sheet divesting non-core assets, optimising the business model, moderating debt costs and integrating the finance function into decision-making across the organisation. We also commenced the journey of strengthening controls, processes and compliance to international standards such as Sarbanes Oxley (SOX).

Our parent company, Diageo's, banking relationships were leveraged to renegotiate lower fund costs with lenders; strengthened our cash management systems which enhanced liquidity.

We reduced the number of subsidiaries from 73 initially to 22 thereby reducing costs and complexity, divested some overseas entities, pared debt from Rs 8500 cr to Rs 4700 cr, and lowered the average cost of debt by 127 bps saving over Rs. 60 cr on an annualised basis.

Our aim is to restore profitability and become best in class with respect to costs and margins.

Productivity Improvement

“We believe that our productivity improvement drive will create the fuel to invest behind our brands thereby creating sustainable value.”

Pankaj Gupta
Chief Procurement Officer and Business Planning, Supply Chain

WE ARE IMPLEMENTING AN AGGRESSIVE THREE-YEAR PRODUCTIVITY IMPROVEMENT DRIVE TO GENERATE SAVINGS TO INVEST BEHIND OUR BRANDS

At United Spirits, we embarked on a productivity improvement initiative with the objective to generate Rs 500 cr in savings over three years. The intent is to create a pool of investible resources that could then be deployed to build brands and power growth. This will kick start the virtuous cycle that will moderate costs at one end and increase revenues at the other, strengthening return on capital.

The productivity improvement drive builds on a strong savings foundation laid in 2014-15.

This program will examine costs across the entire value chain with improvement levers like brand value engineering, network optimization, vendor partnerships and agile working. We believe that all costs are compressible and that it is possible to institutionalize a continuous improvement process to accelerate savings.

To do this, we will combine USL's best practices with those of Diageo's other emerging market businesses, and also learn from best practices of other companies in India.

Our Human Capital




Employees celebrating life every day, everywhere

> “The goal at United Spirits is to create winning mindsets. We create possibilities for people, connect them to the larger purpose, demonstrate and demand excellence, and create the right conditions for people to succeed.”

Steve Correa, *Executive Vice President, Human Resources*

OUR 6800 EMPLOYEES REPRESENT THE LARGEST BODY OF KNOWLEDGE CAPITAL WITHIN THE INDIAN SPIRITS INDUSTRY.

Competent human resource management underwrites the success of every company.

Our intent is to make USL a great place to work, where committed people enjoy coming in to work every day, are sufficiently challenged, fairly rewarded and inspired to do their best to achieve our collective ambition.

Creating the conditions for success

An organisation designed for growth

Early in the year, we set out our new vision and the five strategic objectives that underpinned our vision. We redesigned our organisation structure to deliver those imperatives. This involved creating new functions such as Corporate Relations and Innovation, enhancing others to add new skills in digital technology and optimising some functions to deliver more efficiently. This created a flatter organisation with less layers and richer roles for people. Our rewards and compensation strategy was overhauled to reward merit and high performance.

Culture and Values

One of the most important aspects of the work we did during the year was to transform our organisational culture – making it more open and enabling, breaking down hierarchy and silos through more collaborative and cross-functional working. We introduced casual dressing on Fridays, flexible work timings and work-from-home options. We also changed the way we communicate; transparent and regular communication through town halls, webcast, video conferencing and social media tools such as Yammer became the norm.

Building capability and developing leaders

At the heart of becoming a future-ready organisation is our compulsion to build the capabilities and skills of our people. We are creating an environment where our people can be the best that they can be by ensuring everyone is provided access to opportunities for growth, and making USL a place where people are learning every day. Our training and development team rolled out 370 workshops across all levels in the organisation. This includes building not only functional and domain expertise but also management and leadership skills. We instituted a more robust Performance Management System with defined goals and deliverables so employees have clarity about their accountabilities and performance expectations.

These initiatives reflected in substantial improvements in our annual Value Survey scores. Employee engagement and performance enablement scores strengthened by 100 bps indicating the appreciation our employees have for the new ways of working.

> “This year the priority for the Human Resources function was to design the organisational architecture and implement initiatives to enhance collective efficiency. The architecture was necessary to enunciate our goal; the kind of culture we would create to facilitate goal achievement; how we would work to get there; how we would collaborate with each other in the process; how we would be appraised and rewarded, and what transparency standards we would live by to enhance collective confidence in the systems. The objective was not just to succeed for the moment but to help people grow and hence make organisational progress sustainable.” Steve Correa

AT UNITED SPIRITS, WE RECOGNISE THE VALUE OF DIVERSITY. ONE OF OUR GOALS IS TO HIRE AND RETAIN MORE WOMEN AT ALL LEVELS.

'Diversity and Inclusivity' is now an executive priority at USL with specific diversity goals, actions and milestones in place, sponsored by the CEO and the Leadership team and getting embedded into the heart of the organisation.

Creating a safe environment through the Introduction of the Prevention of Sexual Harassment policy.

Diageo's global 'Excellence in Supply Chain: Women in Leadership', a 12-month career and personal development programme is being made available to women employees.

A dedicated 'Diversity, Inclusion and Change' role has been created to drive the agenda.

Work enablement policies-flexible work timing and work-from-home options.

Mandatory inclusion of CVs of women candidates to ensure that hiring managers have a diverse pool of talent to interview.

From no women a year ago in the 24-member Managing Committee – there are three women today.

Special referral incentives for referring suitable women candidates.

Creation of the Spirited Women's Network, a support as well as mentoring network for women.

Good Corporate Citizenship

Police officials being trained on Road Safety and drink driving

" At the heart of our business model is the ambition to create a positive impact in the communities where we operate. "

Abanti Sankaranarayanan
Business Head – Luxury Business & Corporate Relations

DOING GOOD IS GOOD FOR BUSINESS. RESPONSIBLE CORPORATES LIKE USL CAN ONLY SUCCEED WHEN THEY FULFIL THEIR RESPONSIBILITIES TO SOCIETY AND THE COMMUNITIES, AND WHEN THEY ARE COMMITTED TO THE SAFETY AND WELL-BEING OF THEIR CONSUMERS AND SOCIETY AT LARGE.

Our CSR strategy in India straddles two platforms – **women's empowerment** through skills and learning, and addressing alcohol misuse.

Alcohol in Society: While alcohol plays an important part in social occasions and celebrations for those who choose to drink, the company recognises that the harmful use of alcohol can cause serious problems for individuals, communities and society.

Diageo-USL are signatories to the Global Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking as part of WHO's goal to reduce the harmful use of alcohol, and have committed to action and initiatives to:

1. Reduce underage drinking
2. Strengthen marketing codes of practice
3. Provide consumer information and responsible product innovation
4. Reduce drink driving
5. Enlist the support of retailers

We believe that efforts to reduce the misuse of alcohol are most effective when government, civil society, individuals, families and industry work collaboratively.

Road to Safety

(l-r) Ramalingam Reddy - Minister for Transport, Karnataka; Anand Kripalu - MD & CEO USL; Karishma Kapoor - Actress & Celebrity; Abanti Sankaranayanan – Business Head, Luxury & Corporate Relations, USL; Anil Kumble – Cricketer and Praveen Sood - Principal Secretary (Home), Govt. of Karnataka at the NDTV Road Safety launch

INDIA ACCOUNTS FOR MORE THAN 12% OF THE WORLDWIDE ANNUAL AVERAGE OF 1.24 MILLION GLOBAL ROAD FATALITIES. DIAGEO INDIA IMPLEMENTED ITS NATIONAL PROGRAMME 'ROAD TO SAFETY' IN PARTNERSHIP WITH THE INSTITUTE OF ROAD TRAFFIC EDUCATION, MINISTRY OF ROAD TRANSPORT & HIGHWAYS AND THE INTERNATIONAL ROAD FEDERATION.

The Diageo-USL-IRTE Road To Safety Campaign

The programme, launched by Union Minister of Road Transport & Highways Shri Nitin Gadkari in September 2014, aims to make Indian roads safer. To this end, the programme covered 30 cities in 13 states to deliver:

- Trained 3500 police officials on traffic regulations, enforcement of drunken driving offences; types and correct usage of breath alcohol analysers.
- High quality breath alcohol analysers donated to police departments of several states.
- 2500 university students taught about the perils of drunk drinking and underage drinking.
- 4500 drivers of commercial vehicles (school buses, auto rickshaws, trucks, and buses) in the organised sector were educated on road safety and the dangers of drink driving.

The Diageo-NDTV Road To Safety Campaign

The five-month high-visibility Road to Safety campaign was launched on-air across NDTV channels and reached out 360-degrees to consumers, across various touch-points and media (radio, television, and digital). Thousands of people signed up to take the pledge to Never Drink and Drive.

National Road Safety Week

USL used the occasion of the National Road Safety week in January 2015 to raise awareness and public discourse on making Indian roads safer through a week-long, country-wide effort. This ranged from a telecast panel discussion with government, NGOs and civil society; on-ground awareness activities across eight cities; 'Drive Sober' campaign in 40 pubs across cities; celebrities were engaged to generate visibility for the cause; public awareness of road safety laws. Moreover, a seven-point agenda was presented to the Union Minister for Transport that included inputs from various levels of society and law enforcing departments. The company also ran a radio and print campaign across cities to raise awareness related to road safety.

Women Empowerment

The Young Women Social Entrepreneurship Development Programme aims to contribute to entrepreneurship education by training women Master Trainers, and through them training a larger group of women to become entrepreneurs. The training module developed in partnership with Indian Institute of Management, Kozhikode (IIM-K), covers practical application and shared learning, incorporating content related to management, finance, communication, leadership, marketing and fundraising.

Stitching curtains of hope with Shahin

Shahin along with her mother, beneficiaries of the the Young Women Social Entrepreneurship Development Programme

> “With the success of our business, we have become popular all over my village of Jamalpur. People who would rebuke us now praise our hard work. I have never been as proud of myself.”
>
> **Shahin,** *Master Trainer at SEWA*

Shahin, the young master trainer at SEWA (Indian Academy for Self Employed Women) always dreamt of getting married and settling in to a happy and secure married life. Her dreams came true when she tied the knot at 19. But these dreams were short-lived. Three months later, with a broken marriage and shattered heart, she returned to live with her mother.

Shahin and her siblings were raised by their mother who stitched curtains for a living to meet the needs of the family. After Shahin's return, she began helping her mother stitch and sell curtains. But this barely improved the financial status of the family.

Shahin was enrolled into the Diageo-British Council Young Women Social Entrepreneurship Development Programme (YWSEDP) by SEWA where she had enrolled in a computer course. She merits the programme for equipping her with the entrepreneurial skills she lacked to run a successful business. From a timid girl, the programme made her self-reliant, realising her true potential, and taught her the importance of communication when dealing with customers. Through her relentless efforts, at the age of 23, she built many business linkages and together with her mother supplies curtains to showrooms in Ahmedabad.

From what started as a paltry income that did not meet the needs of the family, today this 23-year-old earns Rs. 10,000 to 20,000 per month.

Inspiring India One Step at a Time with Lovely Begam

Lovely Begam with her handcrafts at a recent fair. Picture courtesy 'The Telegraph, Kolkata'

"There were days when I had to beg for food and money. We did not know if and when our next meal would come."

"Today my family's next meal is certain and I am able to pay a doctor to treat my husband's illness. I want my daughters to be highly educated and will not let them succumb to the pressures of child marriage like I did. That is what will give me ultimate happiness."

Lovely Begum

Thirty three-year-old housewife-turned entrepreneur, Lovely Begam, lives with her husband and three school going daughters in Nanoor block of Birbhum District, West Bengal. A child-bride in a community where child marriage is rampant, her husband had a government job until he was diagnosed with mental illness and laid off. Eventually, his pension stopped as well. The only way her family could survive was on the pittance her in-laws provided. Since her husband was the only earning member of the family and incapacitated, the responsibility of feeding the family of five fell upon Lovely.

Lovely was minimally educated but she did have one skill – she was talented in weaving intricate and beautiful Kantha threadwork popular in the region where she lived.

To hone and organise her skills, she joined and completed the Rural Craft Hub (RCH) program run by not-for-profit organisation Bangla Natak. Seeing her diligence, Bangla Natak recommended her for the Diageo-British Council Young Women Social Entrepreneurship Development Programme. A year later, armed with entrepreneurial skills, Lovely has been able to create business linkages with many small shops in her district and Kolkata. She now earns Rs. 8,000 – Rs. 10,000 a month, which has changed her family's life.

About our parent company - Diageo plc

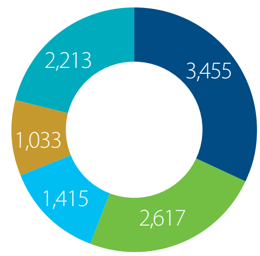
Diageo is a global leader in beverage alcohol with an outstanding collection of brands across the spirits, beer and wine categories.

Its products are sold in more than 180 countries. The Company is listed on the London Stock Exchange (DGE) and New York Stock Exchange (DEO).

Diageo employs approximately 33,000 talented people worldwide with offices in around 80 countries. It's manufacturing facilities are located across the globe including Great Britain, Ireland, United States, Canada, Italy, Africa, Australia and Latin America and Caribbean.

Diageo was formed in 1997, following the merger of GrandMet and Guinness, and is headquartered in London. The word Diageo comes from the Latin for day *(dia)* and the Greek for world *(geo)*. We take this to mean every day, everywhere, people celebrate with our brands.

Net sales by region (£ million)



North America	32%
Europe	24%
Africa	13%
Latin America and Caribbean	10%
Asia Pacific	21%

** Sales after excise duties (excluding Corporate)*

Our Brands: Global Giants

Diageo's brands include Johnnie Walker, Crown Royal, J&B, Buchanan's and Windsor whiskies, Smirnoff, Cîroc and Ketel One vodkas, Captain Morgan, Baileys, Don Julio, Tanqueray and Guinness.

Our 21-market model affords each market the flexibility to select the right portfolio of brands to capture the unique consumer opportunities that exist in that market and place resources directly against our biggest growth opportunities.

REPORT OF THE DIRECTORS

Dear members

Your Directors are pleased to present the Annual Report of your Company and the audited accounts for the year ended March 31, 2015.

1. Financial Results

Rupees (Millions)

	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
The working of your Company for the year under review resulted in				
Profit/Loss from operations	532.68	(6,210.53)	(5,732.63)	(7,742.06)
Exceptional and other non-recurring items	(18,716.68)	(43,216.26)	(8,391.56)	(32,357.35)
	(18,184.00)	(49,426.79)	(14,124.19)	(40,099.41)
Less:				
Depreciation	1,097.40	855.03	(2,228.74)	(2,026.13)
Taxation (including deferred tax)	283.35	746.40	(520.40)	(2,762.31)
Profit/(Loss) after tax	(19,564.75)	(51,028.22)	(16,873.33)	(44,887.85)
Profit B/F from previous year	(30,835.13)	20,233.81	(38,852.41)	6,030.31
Minority Interest appropriation	-	-	(3.82)	(3.07)
Net impact of profit of demerged unit	24.91	-	24.91	-
Transitional depreciation	(79.55)	-	(667.39)	-
Transfer between reserves	-	-	-	48.92
Profit/(Loss) available for appropriation	(50,454.52)	(30,794.41)	(56,372.04)	(38,811.69)
Your Directors have made the following appropriations:				
General Reserve	-	-	-	-
Dividend paid in respect to previous years	-	(36.32)	-	(36.32)
Proposed dividend	-	-	-	-
Corporate Tax on Proposed Dividend	-	-	-	-
Corporate Tax on Dividend paid	-	(4.39)	-	(4.39)
Balance carried to the Balance Sheet	(50,454.52)	(30,835.13)	(56,372.04)	(38,852.41)
EPS – Basic & Diluted (Rupees)	(134.62)	(356.60)	(116.13)	(316.86)

1.1. Subsidiary Companies

In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the subsidiary companies in Form AOC 1 is provided as Annexure - 1 to this report.

In accordance with third proviso to Section 136(1) of the Companies Act, 2013, the annual report and financial statements of each of the subsidiary companies have also been placed on the website of the Company www.unitedspirits.in

2. Board's Responses to Observations, Qualifications and Adverse Remarks In Auditor's Report

The Statutory Auditors (Auditors) have qualified their opinion in relation to the matters specified in Notes 24(d), 26(a), 26(e) and 45 of the Financial Statements for the year ended March 31, 2015 (Statements). The Board's responses to the qualifications and other observations or adverse remarks are as follows.

2.1. Auditor's observations under paragraph 1 of the Auditor's Report to the Statements

As stated in Notes 26(a) and 26(e) to the financial statements, during the year ended 31 March 2014, certain parties who had previously given the required undisputed balance confirmations for the year ended 31 March 2013, claimed in their balance confirmations to the Company for the year ended 31 March 2014 that they had advanced certain amounts to certain alleged UB Group entities and that the dues owed by such parties to the Company would, to the extent of the amounts owing by such alleged UB Group entities to such parties in respect of such advances, be paid / refunded by such parties to the Company only upon receipt of their dues from such alleged UB Group entities. These dues of such parties to the Company were on account of advances by the Company in the earlier years under agreements for enhancing capacity, obtaining exclusivity and lease deposits in relation to Tie-up Manufacturing Units ("TMUs"); agreements for specific projects; or dues owing to the Company from customers. In response to these claims, under the instruction of the Board of Directors of the Company ("Board"), a preliminary internal inquiry was initiated by the Management. Based on the findings of the preliminary internal inquiry by the Management, under the instructions of the Board; and Management's assessment of recoverability, an aggregate amount of ₹ 6,495.5 million (including interest claimed) was provided in the financial statements for the financial year ended 31 March 2014 and was disclosed as prior period items. During the year ended 31 March 2015, an additional provision of ₹ 216 million was made for interest claimed during the year. The Company has not made provision for any unclaimed interest on these amounts.

During the year ended 31 March 2014, the Board had also directed a further detailed and expeditious inquiry in relation to the above matter, the role of individuals involved and potential non-compliance (if any) with the provisions of the Companies Act, 1956 and other regulations applicable to the Company in relation to such transactions, and the possible existence of any other transaction of a similar nature ("Inquiry"). While the Inquiry has since been completed, with regard to the possible existence of any other transaction of a similar nature, the Inquiry identified references to certain additional parties ("Additional Parties") in various documents, which documents dealt with transactions involving the counterparties referred to above. The Inquiry also identified certain additional matters ("Additional Matters") where the documents identified concerns as to the propriety of the underlying transactions.

Based on its current knowledge, the Management believes that the provisions made with respect to the above matters are adequate and no additional material adjustments are likely to be required in relation thereto. The Board has directed the Management to expeditiously review the Additional Matters and transactions with the Additional Parties and report to the Board on Management's conclusions on the transactions and any further impact on the Company's financial statements. Pending such review of the Additional Matters and transactions with Additional Parties, we are unable to comment on the nature of these transactions; the provisions established; or any further impact on the financial statements including the impact on the opening balances for the year. Further, pending resolution of the above disputes, we are unable to comment on whether the provision established for interest is appropriate

Board's Response: Detailed information and explanation on the qualification in paragraph 1 of the audit report are provided in Notes 26(a) and 26(e) to the Statement. In particular, as stated in Note 26(a) an aggregate amount of ₹ 649.55 Crores (including interest claimed) was provided in the financial statements for the financial year ended March 31, 2014 and was disclosed as a prior period item. During the year ended March 31, 2015, an additional provision of ₹ 21.60 Crores was made for interest claimed. The Management has determined that in light of these provisions, no additional material adjustments to the financial statements are required in respect of the dues owing to the Company from such parties. In connection with the recovery of the above funds, pursuant to the decision of the Board at its meeting held on April 25, 2015, the Company is in the process of initiating steps for recovery against the relevant parties, so as to seek to expeditiously recover the Company's dues from such parties, to the extent possible.

In relation to the transactions with the Additional Parties and the Additional Matters referred to above, as stated in Note 26(e) to the Statement, Management has made the following provisions with respect to such transactions: (a) ₹ 67.81 Crores made in the Company's financial statements for the financial year ended March 31, 2015, (b) ₹ 44.54 Crores made in the Company's subsidiaries' financial statements for the financial year ended March 31, 2015, (c) ₹ 15.70 Crores made in the previous year in the Company's financial statements, and (d) ₹ 108.71 Crores made in the previous year in the Company's consolidated financial statements. The Management believes these provisions are adequate and no additional material adjustments are likely to be required in relation thereto. The Board has directed the Managing Director and Chief Executive Officer (MD & CEO) to expeditiously further review the Additional Matters and transactions with the Additional Parties during the period covered by the Inquiry and report to the Board his conclusions on the transactions and any further impact on the Company's financial statements.

2.2. Auditor's observations under paragraph 2 of the Auditor's Report to the Statements

As stated in Note 24(d) to the financial statements, as per the requirements of the equity listing agreements entered into by the Company with various stock exchanges in India and various circulars and regulations issued by the Securities and Exchange Board of India ("SEBI") and applicable provisions of the Act, the Company sought approval of its equity shareholders for certain agreements in the extraordinary general meeting ("EGM") held on 28 November 2014. Some of the agreements, as detailed in the aforesaid note, were not approved by the equity shareholders in the aforesaid EGM. The Company has sought clarification/direction from SEBI with respect to the implications arising from the non-approval of the said agreements. Pending the clarification/direction from the SEBI, during the year ended 31 March 2015, the Company has recognised the underlying expenses pursuant to these agreements up to 28 November 2014 aggregating ₹ 1,357 million. The Company has not recognised charges arising out of non-approved agreements aggregating ₹ 486 million for the period from 29 November 2014 to 31 March 2015 and has disclosed the same as contingent liability. Further, subsequent to 28 November 2014, in response to the letters received by the Company from some of the concerned counterparties, the Company has made payments amounting to ₹ 74 million to such counterparties with respect to the dues for services received prior to 28 November 2014 specifically stating that the said amounts would be refundable to the Company if it is determined that such amounts were not payable by the Company in view of the shareholders not having approved the respective agreements. Pending the resolution of this matter, we are unable to comment on the accounting treatment of the expenses under the agreement, balance due to/from the respective counterparties and any other implications resulting from such non-approval.

Board's response: Detailed information and explanation on the qualification in paragraph 2 of the audit report is provided in Note 24(d) to the Statement. Pending the clarification/ direction from SEBI, the Company has recognized the charges up to November 28, 2014, in respect of the agreements listed in (c) to (g) and (i) specified in Note 24(d) above, amounting to ₹ 135.73 Crores during the financial year ended March 31, 2015 (₹ 138.22 Crores for the financial year ended March 31, 2014). In light of the fact that the Company's shareholders have not approved the said agreements on November 28, 2014, the Company has not recognized the charges amounting to ₹ 48.62 Crores from November 29, 2014 to March 31, 2015 payable under the agreements listed in (c) to (g) and (i) specified in Note 11 above. The Company has informed the respective counterparties that the contracts mentioned above have not been approved by the shareholders. Further, subsequent to November 28, 2014, in response to the letters received by the Company from the concerned counterparties, the Company has made payments amounting to ₹ 7.43 Crores to some of these counterparties with respect to the dues for services received prior to November 28, 2014, specifically stating that the said amounts would be refundable to the Company if it is determined that such amounts were not payable by the Company in view of the shareholders not having approved the respective agreements. Pending the clarifications/ directions from SEBI, the Company has not made any payments to the respective counterparties under the agreements in (c) to (g) and (i) specified in Note 24(d) above for the period subsequent to November 28, 2014 and has considered these amounts as contingent liabilities. Also see Note 26(b) of the Statement in relation to the loan agreement listed in (a) of Note 24(d). Pending any clarifications/ directions from SEBI, the Company is unable to determine whether there could be any impact on the financial statements.

2.3. Auditor's observations under paragraph 3 of the Auditor's Report to the Statements

As stated in Note 45 to the financial statements, the Managerial remuneration for the year ended 31 March 2015 aggregated ₹ 65 million and ₹153 million towards remuneration of the Managing Director and Chief executive Officer (MD & CEO) and the Executive Director and Chief Financial Officer (ED & CFO), respectively. The aforesaid amounts include remuneration in excess of the limits prescribed under the provisions of Schedule V to the Act. The Company is in the process of obtaining the requisite approval from the Central Government for such excess remuneration. In the absence of the required approval, we are unable to assess the impact of such excess remuneration on the financial statements of the Company.

Board's response: Information and explanation on the qualification in paragraph 3 of the audit report is provided in Note 45 to the Statement. In particular, as stated in Note 45, the Company is in the process of obtaining the requisite approval from the Central Government for such excess remuneration. Pending such approval, the Company is unable to determine whether there could be any impact on the financial statements.

2.4. A. Auditor's observations under paragraphs (iii), (iii)(a) and (iii)(b) of the Annexure to the Auditor's Report to the Statements

According to the information and explanation given to us, the Company has granted loans to eleven companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ("the Act"). These loans include loan to United Breweries (Holdings) Limited ("UBHL") by way of conversion of certain pre-existing loans/ advances/ deposits due to the Company and its subsidiaries (refer Paragraph 1 under 'Emphasis of Matter').

Further, as stated in Note 26, the Board had directed a detailed and expeditious inquiry in relation to certain transactions identified during the year ended 31 March 2014. The Inquiry stated that between 2010 and 2013, funds involved in many of these transactions were diverted from the Company and/ or its subsidiaries to certain UB Group companies, including in particular, Kingfisher Airlines Limited ("KFA"), which is a party covered in the register maintained under Section 189 of the Act.

Additionally, pending the completion of the review of the Additional Matters and transactions with Additional Parties identified through the Inquiry as disclosed in Paragraph 1 under 'Basis for Qualified Opinion', we are unable to comment whether any such arrangements represent transactions with any body corporate covered in the register maintained under Section 189 of the Act.

(a) As stated in Paragraph 2 under 'Basis for Qualified Opinion', in the case of the loan granted to UBHL, a company covered in the Register maintained under Section 189 of the Act, the loan agreement was not approved by the Equity Shareholders in the Extraordinary General Meeting held on 28 November 2014. We have been informed by the Management that, the Company has sought clarification/ direction from the SEBI with respect to the implications arising from the non-approval of the said agreement. The Company is evaluating steps for recovery of the loan. Further, as stated in Paragraph 1 under 'Emphasis of Matter', the Company has not received the first instalment of interest amounting to ₹ 1,911 million (gross of tax) with respect to the loan. No interest has been received on this loan to date. The loan has been fully provided for in the financial statements.

With respect to loans given to other companies, firms or other parties covered in the Register maintained under Section 189 of the Act, the principal and interest are repayable either on demand or the repayment terms are not stipulated. According to the information and explanation given to us, we understand that no amounts were demanded by the Company during the year.

(b) According to information and explanation provided to us, the Company is evaluating the required steps for the recovery of the principal and interest due in respect of the loan granted to UBHL. Further, as stated in Note 26(a), the Company is also in the process of initiating recovery proceedings with respect to the funds that may have been diverted from the Company and/ or its subsidiaries to certain UB Group companies.

Board's response: Information and explanation on the qualification in paragraph (iii) of the Annexure to the audit report is provided in Notes 24(d), 26(a), 26(b) and 26(e) to the Statement.

In particular, Note 24(d) provides information in connection with the non-approval by the shareholders of the Company of the loan agreement with UBHL (and of other potential related party transactions).

Furthermore, as stated in Note 26(b), the Inquiry report stated that prima facie, between 2010 and July 2013, certain transactions appear to have been undertaken and certain accounting entries appear to have been made to show a lower exposure of the Company (and its subsidiaries) to UBHL than the exposure that actually existed at that time. Prima facie, this indicates various improprieties and potential violations of provisions, inter alia, of the Companies Act, 1956, and the listing agreement signed by the Company with various stock exchanges in India on which its securities are listed (Listing Agreement). The Company is in the process of evaluating its rights and remedies in relation to such violations.

In addition, as stated in Note 26(b), during the previous year, as a matter of prudence, the Company had not recognized interest income of ₹ 96.31 Crores and had provided ₹ 330.32 Crores towards the principal outstanding as at March 31, 2014. The notes to accounts for the previous year had recorded the Management's belief that it should be able to recover, and that no further provision is required for the balance amount of ₹ 995.46 Crores. The said notes also mentioned that the Management would continue to assess the recoverability of the said loan on an on-going basis. As per the terms of the said loan agreement, an amount of ₹ 191.10 Crores (gross of tax) was payable by UBHL to the Company towards the interest payable as of January 2015 under the loan agreement. However, the Company is yet to receive such interest payment from UBHL. The Company received a letter from UBHL stating that it is involved in litigations with various creditors of KFA in different courts all over the country, and that some of the winding up petitions filed against UBHL have been admitted by the High Court of Karnataka. As a result of the above and other relevant factors, as a matter of prudence, the Company has provided a further amount of ₹ 995.46 Crores towards the entire balance principal amount (i.e., the entire principal amount due under the loan agreement less the amount already provided in the accounts for the financial year ended March 31, 2014) and has not recognized interest income of ₹ 120.70 Crores.

As stated in Notes 26(a) and 26(b), the Company is in the process of pursuing its rights and claims to recover the entire amount of the loan together with accrued interest from UBHL and the other counterparties referred to in the said Notes to the Statements.

With regard to the Additional Matters and transactions with Additional Parties, as stated in Note 26(e), the Board has directed the MD & CEO to expeditiously further review the Additional Matters and transactions with the Additional Parties during the period covered by the Inquiry and report to the Board his conclusions on the transactions and any further impact on the Company's financial results.

B. Auditor's observations under paragraph (viii) of the Annexure to the Auditor's Report to the Statements

The accumulated losses of the Company at the end of the year are not less than fifty per cent of its net worth. The Company has incurred cash losses in the current and previous financial year.

Board's response: The Board notes that the accumulated losses of the Company at the end of the year is 86.3% of its peak net worth in the previous four financial years. Therefore, the Company will be required to file a report under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The Board believes this report under section 23 would arise as technical requirement under SICA and does not reflect upon the long term prospects of the Company given the profitable nature of its business and as the accumulated losses are principally on account of exceptional items.

C. Auditor's observations under paragraph (ix) of the Annexure to the Auditor's Report to the Statements

In our opinion and according to the information given to us, the Company has not defaulted in the repayment of dues to a bank or to any financial institution except that in case of loans due to banks, principal amounting to ₹ 25.78 million and interest aggregating ₹ 69.24 million were repaid with a delay of up to 1 day and 5 days, respectively. The Company did not have any outstanding debentures during the year.

Board's response: The Management has informed the Board that as of 31 March 2015, there were no outstanding defaults by the Company of any dues to a bank or financial institution. As stated in note 25(a) to the financial statements for the year ended March 31, 2015, the Company has disputed a demand made by a bank.

D. Auditor's observations under paragraphs (xi), (xii)(a), (xii)(b) and (xii)(c) of the Annexure to the Auditor's Report to the Statements

In our opinion and according to the information and explanations given to us, the term loans taken by the Company and applied during the year were for the purpose for which they were raised. The Inquiry referred to in Paragraph 1 of the 'Basis for Qualified Opinion' and Paragraph 1 of the 'Emphasis of Matter', stated that certain funds were diverted to other UB Group entities in earlier years. Such diversions may indicate application of term loans for purposes other than for which they were raised.

***(xii)(a)** As stated in Note 26 and Paragraph 1 of the Basis for Qualified Opinion, the Board had directed a detailed and expeditious inquiry in relation to certain transactions identified during the year ended 31 March 2014. The Inquiry stated that between 2010 and 2013, funds involved in many of these transactions were diverted from the Company and/or its subsidiaries to certain UB Group companies. The Inquiry Report also indicated that the manner in which certain transactions were conducted, prima facie, indicates various improprieties and legal violations.*

***(b)** As stated in Note 26(b), with regard to the prior transactions that were consolidated into the single loan due from UBHL on 3 July 2013, the Inquiry stated that, prima facie, between 2010 and July 2013, certain transactions appear to have been undertaken and certain accounting entries appear to have been made to show a lower exposure of the Company to UBHL than that which actually existed at that time. The inquiry also indicates that the manner in which these transactions were conducted and these entries made, prima facie, indicates various improprieties and legal violations.*

***(c)** As discussed in Note 26(c), the Inquiry indicated that an agreement signed with an Alleged Claimant for a lien on certain investments of the Company, to secure an advance by the Alleged Claimant to KFA, was entered into without appropriate Board authorisation or approval.*

We have submitted a report under Section 143(12) of the Companies Act, 2013 and the relevant rules thereunder, seeking the Audit Committee's reply/observations to the matters listed in (a) to (c) above. As at the date of this report, we are awaiting a reply/observations from the Audit Committee.

Additionally, pending the completion of the review of the Additional Matters and transactions with Additional Parties identified through the Inquiry as disclosed in Paragraph 1 under 'Basis for Qualified Opinion', we are unable to comment whether any arrangements covered by such review can be terms as 'fraud' and whether there are other instances of a similar nature.

Board's response: See responses to paragraph 1 of the Auditor's Report to the Statements and to paragraphs (iii), (iii)(a) and (iii)(b) of the Annexure to the said Auditor's Report. Subsequent to the balance sheet date, and as indicated in Note 30 to the Statements, the Board's Audit Committee has provided its reply and observations to the auditor's report under section 143(12) of the Companies Act, 2013 (Act) and the relevant rules thereunder. The said reply and observations to the Auditors include the following observations.

(i) The Board is not in a position to make (and has not made) any final determinations with regard to the roles of any individuals involved. The Board has therefore directed that the Company report such transactions to the authorities as required under applicable law. Accordingly, the Company has duly reported the transactions and associated facts to the relevant authorities, and has also responded / is in the process of responding, as the case may be, to requests for clarifications on the Inquiry that have been sought by the Regional Director of the Ministry of Corporate Affairs, the Income-Tax Department and the stock exchanges.

(ii) In addition, as noted above, pursuant to the Board's directions, a copy of the MD & CEO's Inquiry report, including the inputs and expert advice of the independent advisers and specialists, as well as the communications received from a concerned director have been provided to the Company's auditors.

(iii) In connection with the recovery of funds that appear to have been diverted from the Company, the Board passed a resolution that the Company should take the necessary steps to pursue all rights and claims against, and expeditiously recover its dues from, the relevant parties, to the extent possible. The Board has also authorized the MD & CEO to temper these actions, if considered appropriate, bearing in mind imperatives of business continuity with vendors/ distributors. The Company has initiated discussions to assist with such recovery and the Board is being updated on this matter.

(iv) In light of the above, and without making any determination as to fault or culpability, at their meeting on April 25, 2015, the directors noted that they had lost confidence in Dr Vijay Mallya continuing in his role as a director and as chairman and therefore, the Board called upon Dr Mallya to resign forthwith as a director and as the chairman of the Board and step down from his positions in the Company's subsidiaries. In the event Dr Mallya declines to step down, the Board also resolved that it would recommend to the shareholders of the Company, the removal of Dr Mallya as a director and as the chairman of the Board.

(v) As previously announced by the Company's majority shareholder, Relay B V., an indirect wholly owned subsidiary of Diageo plc (Diageo), following the re-appointment of Dr Mallya at the Company's annual general meeting on September 30, 2014, Diageo has contractual obligations to support Dr Mallya continuing as non-executive director and chairman of the Company, subject to certain conditions. Therefore, in the event Dr Mallya declines to step down, the Board resolved to request Diageo to expeditiously review the position in relation to its contractual obligations and authorised sharing with Diageo a copy of the Inquiry report and all the materials relating to the Company's Inquiry. As Dr Mallya has not heeded the Board's request to step down as director and Chairman, the Board has requested Diageo to expeditiously review the position in relation to its contractual obligations and the Company has provided Diageo a copy of the Inquiry report and the materials relating to the Company's Inquiry as directed by the Board.

(vi) In respect of the other employees of the Company who appear to have been involved in certain transactions covered by the Inquiry, the Board directed the company's MD & CEO to initiate necessary internal proceedings in accordance with the applicable rules and policies of the Company. The Company has made significant progress with these internal proceedings and the Board is being updated on these proceedings regularly.

(vii) The Board, at its meeting on April 25, 2015, noted that the control systems of the Company have been strengthened after July 2013. In addition, the Board directed the Company's management to continue with the development and strengthening of the robust controls environment that is currently underway to prevent such transactions from occurring in the future.

(viii) Following its review of the Inquiry report, the Board reaffirmed its commitment to the highest standards of corporate governance and resolved that the Company would cooperate with all relevant authorities in relation to these matters.

(ix) Furthermore, the Company has received letters from its previous auditors (i.e. who served as the Company's auditors during the period covered by the Inquiry), seeking consultation to discuss their prior audit reports. The Company has responded to these letters scheduling time for such meetings and have also met with the previous auditors. The Company will consider any remedial actions proposed in this regard, in light of applicable legal provisions.

With regard to the review of the Additional Matters and transactions with Additional Parties identified through the Inquiry, as stated in Note 26(e) to the Statements, the Board has directed the MD & CEO to expeditiously further review the Additional Matters and transactions with the Additional Parties during the period covered by the Inquiry and report to the Board his conclusions on the transactions and any further impact on the Company's financial Statements. Based on the outcome of such review, the Company will take appropriate action in respect of the underlying Additional Matters and transactions with Additional Parties, as is fit and necessary in the circumstances.

2A. Board's Responses to Observations/Qualifications in Secretarial Auditor's Report

The Board's responses to the qualifications and other observations are as follows.

The Secretarial Auditors (Auditors) have submitted their report in Form No.MR3 and qualified their opinion/observations in respect of the Secretarial Audit conducted for the financial year 2014-15 as under and the Board's responses are given against each qualification/ observation as follows:

1. The Company is required to take the Central Government approval for payment of managerial remuneration in excess of limits prescribed under Section 197 read with Schedule V of the Act, in absence of profits during the year.

Board's Response: The inadequacy of profits came to the knowledge of the Board upon the approval of the audited financial statements for the financial year 2014-15. Necessary application has been made to the Central Government in respect of the remuneration paid to Mr. Anand Kripalu, Managing Director and Chief Executive Officer and shortly application will also be submitted to the Central Government in respect of the remuneration paid to Mr. P.A. Murali, former Executive Director, who ceased to be in the employment of the Company with effect from April 22, 2015.

2. As required under Clause 41 of the Listing Agreement, the Company has not submitted standalone and consolidated audited financial results for the entire financial year and quarter ended on 31.03.2014 within sixty days of the end of said year and also unaudited financial results for the quarter ended on June 30, 2014, within 45 days of the end of said quarter period.

   Board's Response: The delay was due to the internal Inquiry initiated by the Board of Directors during the year and the Stock Exchanges have accepted our delayed submission with fine and the issue stands closed.

3. As required under Clause 49 II of the listing agreement, the Company did not have the requisite number of independent directors on its board with effect from October 1, 2014 till the appointment of a independent director was made on April 1, 2015 and as required under this Clause, the vacancy of independent directors was not filled at the next board meeting or three months from the date of vacancy whichever is later.

   Board's Response: The vacancies arose on September 30, 2014 consequent upon the resignation/ exit of three Independent Directors at the conclusion of the Annual General Meeting held on September 30, 2014 and was partially filled within the period stipulated under the Listing Agreement. As per the Listing Agreement in force on September 30, 2014, a period of 180 days was available to fill up the vacancy which expired on March 31, 2015. The contention of the Secretarial Auditor that the period available is 90 days pursuant to the new Listing Agreement, which came into effect from October 10, 2014 is not tenable. Since, the vacancy was filled up on April 1, 2015 instead of March 31, 2015, there was a delay of one day and that the delay of 1 day has been reported in our filing with the Stock Exchanges as well.

4. There was a non-compliance of Pollution Control Board Order at Companies Unit in Malakajgiri, Andhra Pradesh, as this unit was manufacturing the more number of cases than permitted number of cases.

   Board's Response: Currently, processes have been put in place to ensure compliance.

3. Material Changes and Commitments/ Events Subsequent to the date of the Financial Statements

3.1. Inquiry into Prior Year's Audit Qualifications

During the previous financial year, the Board had directed a detailed and expeditious inquiry in relation to certain matters referred to below, the role of individuals involved and potential non-compliance (if any) with the provisions of the Companies Act, 1956, and other regulations applicable to the Company in relation to such transactions, and the possible existence of any other transaction of a similar nature (Inquiry). Pursuant to the directions of the Board, the Inquiry was headed by the MD & CEO of the Company. The Board also directed the MD & CEO to engage independent advisers and specialists as required.

At its meeting held on April 25, 2015 (April 25 Meeting), the Board discussed and considered in detail the report (Inquiry Report) submitted by the MD & CEO in relation to the Inquiry, the inputs and expert advice of the independent advisers and specialists and other relevant inputs. The Board promptly informed the stock exchanges of the outcome of its April 25 Meeting, including the various decisions taken by the Board as a result of its consideration of the Inquiry Report. The following paragraphs provide further updates on these decisions.

With regard to steps taken in relation to the recovery, directed by the Board at its April 25 Meeting, of funds that appear to have been diverted, your Company has commenced discussions with counterparties in connection with recovering funds that may have been diverted, and will take appropriate action as directed by the Board in this regard.

With regard to the Board's recommendations made at the April 25 Meeting, concerning the Chairman, Diageo has announced that it noted the recommendation of the USL Board and would consider its position under its agreements with Dr. Mallya and United Breweries (Holdings) Limited, in light of the Inquiry Report and materials provided to it. In this regard, the Company has also not received any special notice under section 169 of the Act.

With regard to other employees who appear to have been involved in certain transactions covered by the Inquiry, as directed by the Board at the April 25 Meeting necessary internal proceedings have been completed, in accordance with applicable rules and policies of the Company, and the MD & CEO has updated the Board on actions taken in accordance with the applicable rules and policies of the Company.

As was also directed by the Board at its April 25 Meeting, the Company is continuing to cooperate with the authorities and provide information being requested, including in relation to the additional letters/ notices referred to in Note 30 to the financial statements for year ended March 31, 2015.

3.2. Sale of shares of United Breweries Limited held by the Company.

Further to the approval of the Board of Directors of the Company and final clearance of the individual directors authorised by the Board to monitor the process, on July 7, 2015, the Company placed an order for sale by way of a block trade on National Stock Exchange of India Limited (NSE) of 85,00,000 equity shares held by the Company in United Breweries Limited (UBL) (constituting 3.21% of the paid up equity share capital of UBL) to Heineken International B.V. at a price of ₹ 1,030 per share. The sale consideration, net of brokerage, was ₹ 872 Crores (against book value of ₹ 15 Crores) resulting in profit on this transaction (which is to be determined after taking into account other transaction costs and taxes). Following the completion of this sale on July 9, 2015, the Company holds no shares in UBL and has ceased to be a promoter in UBL. This divestment was a part of the process of monetising certain non-core assets of the Company (as previously disclosed to the stock exchanges on October 20, 2014), in the ordinary course of the Company's business.

3.3. Changes/Restructuring of business/subsidiaries:

During the financial year, the Company's manufacturing unit situated at Poonamalle, Chennai was hived-off to Enrica Enterprises Private Limited in terms of Section 391 to 394 of the Companies Act, 1956 pursuant to the approval of the Hon'ble High Courts of Karnataka and Madras. In addition, the Company's entire holding in its wholly owned subsidiary Whyte and Mackay Group Limited along with its subsidiaries were transferred during the year to Emperador Inc.

Subsequent to the financial year 2014-15, SW Finance Co. Limited, a wholly owned subsidiary of the Company, was amalgamated with the Company pursuant to the orders of the Hon'ble High Courts being filed with the Registrar of Companies.

3.4. Delay in Convening Annual General Meeting

Following the provision of the Inquiry Report to various authorities, USL has received multiple requests for clarifications and submission of additional documents from multiple authorities, as stated in Note 30 to the Statements. Because of the sheer volume of these on-going requests, USL has been heavily burdened and has had to dedicate its corporate legal, finance and secretarial resources to assisting and submitting responses to these governmental authorities in a timely manner. As a result, and for these special reasons, between May and August 2015, sufficient time could not be devoted to the preparation of the Directors' Report under section 134 of the Act and the disclosures thereunder.

In view of these special reasons, and the unusual and exceptional circumstances, in early August 2015, USL requested the Registrar of Companies to allow an extension of the date by which USL must hold its next AGM, pursuant to the provisions of section 96(1) of the Act. The Registrar replied on September 5, 2015 denying this request. The Registrar's response did not explain why the reasons provided by USL were found to be not tenable.

In light of the relatively recent rejection of its request for extension, received two weeks ago, your Company has sought to compile the necessary documents and convene the AGM by the earliest date feasible.

The Directors regret the delay that has resulted because of these exceptional reasons, and the Board has directed the Company to file necessary applications for condonation/ compounding of this delay under applicable law.

4. Change in nature of Business, if any

The details of change in nature of business is provided under Management Discussion and Analysis Report and the Report on Risk Management forming part of this Annual Report.

5. Dividend

In view of the loss incurred in the financial year ended March 31, 2015, your Directors do not recommend any dividend.

6. Capital

The authorised capital of your Company remained unchanged at ₹ 5,542,000,000/- divided into 395,000,000 equity shares of ₹ 10/- each and 159,200,000 preference shares of ₹ 10/- each.

The issued, subscribed and paid-up equity share capital of your Company stands unchanged at ₹ 1,453,277,430/- divided into 145,327,743 equity shares of ₹ 10/- each.

7. Global Depository Shares

The 17,502,762 global depository shares (GDSs) issued, representing 8,751,381 equity shares ranking pari-passu in all respects with the existing paid-up equity shares, with 2 GDSs representing 1 equity share of par value of ₹ 10/- each at US$7.4274 per GDSs, aggregating to US$ 130 million, continue to be listed on the Luxembourg Stock Exchange.

8. Performance of the Company

During the year under review, your Company has achieved a sales volume of over 117.06 million cases (previous year 120.70 million cases). Sales of the Company's brands in the 'Prestige and Above' segment grew 8% in the financial year ended March 31, 2015 and stood at 35 million cases (previous year 33 million cases). Imputed turnover, i.e., the price at which the Company's brands were billed from its manufacturing facilities (owned/ leased/ contracted) and its warehouses, stood at ₹ 98,733.30 million net of duties and taxes (previous year ₹ 97,990.63 million) constituting a rise of 1%. The growth in imputed turnover of the Company's brands in the 'Prestige and Above' category during the year was ₹ 46,195 million, up by 9% from the ₹ 42,570 million recorded in the previous year.

9. Details of Subsidiary Companies, Joint Ventures and Associate Companies, and Their Financial Position

Your Company had 22 subsidiary companies in the financial year ended on March 31, 2015. The information required under the first proviso to section 129(3) of the Act is given in Form AOC-1 in Annexure 1. The Company's policy for determining material subsidiaries is available at www.unitedspirits.in.

As stated in Note 24(a) to the Statements, consequent to the sale of Whyte and Mackay, Whyte & Mackay Group Limited, and all its subsidiaries ceased to be the Company's subsidiaries with effect from October 31, 2014.

10. Prospects/ Outlook

The details about prospects/ outlook of your Company are provided under the Management Discussion and Analysis Report, forming part of this Annual Report.

11. Depository System

The trading in the equity shares of your Company is under compulsory dematerialisation mode. As on March 31, 2015, equity shares representing 98.65% of the equity share capital are in dematerialised form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialisation of the Company's shares.

12. Board Meetings, Board of Directors, Key Managerial Personnel & Committees of Directors

12.1. A. Appointment, change in designation and resignation

Details on appointments, changes in designation, and resignation of Directors, key managerial personnel, and committees of Directors, as well as on Board and committee meetings of your Company are provided in the Corporate Governance Report that is annexed to, and forms part of this Annual Report.

B. Re-appointment

As per the provisions of the Act, Mr. Ravi Rajagopal retires by rotation and, being eligible, offers himself for re-appointment.

C. Independent Directors

As stated in the Corporate Governance Report, the following Independent Directors were appointed at 15th annual general meeting (AGM) of your Company for a period of 5 years from the date of that AGM.

Mr. Sudhakar Rao
Mr. D. Sivanandhan
Dr. (Mrs). Indu Shahani

The following Independent Directors are proposed to be appointed at the 16th AGM of the Company for a period of 5 years from the date of their appointment as Additional Director.

Mr. Rajeev Gupta
Mr. Mahendra Kumar Sharma

As required by Clause 49 of the Listing Agreement, Familiarisation exercise forms part of the Policy on Directors/ Senior Appointments and is available on the Companhy's website www.unitedspirits.in. The Company familiarized the Independent Directors, at the time of joining, about the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The Company also familiarizes the independent directors, from time to time, with the company's business, nature of the industry and the challenges through a detailed strategy presentation of the business and the environment in which it operates.

The Company has received declarations from Independent Directors under 149(6) of the Companies Act, 2013.

In addition, Dr. Nicholas Bodo Blazquez who was appointed as an Additional Director as a Nominee of Relay B V, is proposed to be appointed as a Director at the forthcoming 16th AGM.

D. Key managerial personnel

Consequent upon the retirement of Mr. Ashok Capoor, Managing Director on April 30, 2014, Mr. Anand Kripalu was appointed as the Chief Executive Officer with effect from May 1, 2014 and as Managing Director & Chief Executive Officer with effect from August 14, 2014.

Consequent upon the resignation of Mr. P. A. Murali, Executive Director and Chief Financial Officer with effect from April 22, 2015, Mr. Vinod Rao was appointed as the interim Head of Finance with effect from April 25, 2015.

Consequent upon the retirement of Mr. V. S. Venkataraman, Company Secretary, on March 31, 2015, Mr. V Ramachandran was appointed as the Company Secretary with effect from May 1, 2015.

E. Number of Meetings of the Board

The details of the Board Meetings and other Committee Meetings held during the Financial Year 2014-15 are stated in Corporate Governance Report.

F. Board Committees

The Company has set up the following committees of the Board.

Audit Committee
Nomination and Remuneration Committee
Stakeholders Relationship Committee
Corporate Social Responsibility Committee
Risk Management Committee
General Committee of Directors

The composition of each of the above committees, and their respective roles and responsibilities are detailed in the Corporate Governance Report.

F. Recommendations of the Audit Committee

All the recommendations of the audit committee have been accepted by the Board,

G. Policies on Directors / Senior Appointments

The policy on Directors / Senior Appointments is enclosed as Annexure 2.

H. Details of remuneration to Directors

As required under section 197(12) of the Act, information relating to remuneration paid to Directors is provided in the Corporate Governance Report and in Form MGT 9, that is annexed to and forms part of this Annual Report as Annexure 5. Furthermore, as stated in the Corporate Governance Report, the Company is in the process of obtaining the requisite approval from the Central Government for remuneration paid in excess of the limits prescribed under the provisions of Schedule V to the Act.

As stated in the Corporate Governance Report, sitting fees are paid to non-executive Directors for attending Board/ Committee meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred in attending such meetings, in accordance with the Travel Policy for Directors. In addition, the Non-Executive Directors are also eligible for commission every year, not exceeding 1% of the net profits of the Company, calculated in accordance with section 198 of the Act, as approved by the shareholders at the AGM held on September 30, 2014, such approval to remain in force until revoked. Such commission may be apportioned amongst the directors in any manner they deem fit. No commission is proposed to be paid for the year ended March 31, 2015 due to absence of profits. Criteria for payment of remuneration to Directors including non-executive directors is disclosed in the reward policy enclosed as Annexure 2.

I. Board Evaluation Criteria

Pursuant to the provisions of the Act, and clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the Directors individually, as well as the Board Committees. The evaluation process considered the effectiveness of the Board and the Committees with special emphasis on the performance and functioning of the Board and the Committees. The evaluation of the Directors were based on the time spent by each of the Board Members, core competencies, expertise and contribution to the effectiveness and functioning of the Board and the Committees:

12.2 Vigil Mechanism

Your Company has a well-established vigil mechanism in place, which is managed by the Compliance & Ethics Team. iSpeak is a confidential service available to employees to make a report when they believe there to be a potential breach of the Code, policies or applicable law. iSpeak is managed by an external company, with staff who are trained to deal with the calls, and translators who are immediately available to assist if required. Access to the Chairman of the Audit Committee is made available in exceptional cases, as required under the Act and the Listing Agreement. All complaints are investigated by the Compliance and Ethics team and appropriate action taken in accordance with your Company's policies.

12.3 Related Party Transactions

The Company's policy on dealing with Related Party Transactions was adopted by the Board on June 15, 2015 and is available on website link http://unitedspirits.in/Policy/1125135202Policy%20on%20RPT.pdf.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. 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.

The details of related party transactions required under section 134(3)(h) read with rule 8 of the Companies (Accounts) Rules, 2014, is given in Form AOC 2 and the same is enclosed as Annexure 3.

As stated in Note 24(d) to the Statements, the Company, on or prior to July 3, 2013, entered into certain agreements with entities, which may be considered as directly or indirectly owned/ controlled/ significantly influenced by the erstwhile promoter group. Details of these agreements have also been included in Annexure 3, although it is not clear whether they fall under the purview of related party transactions under the Act, or the Listing Agreement.

It was stated in the notice to the Extraordinary General Meeting on November 28, 2014 (EGM) that the Company was in the process of seeking confirmations from, and verifying the position in relation to, the counterparties to the above mentioned agreements as to whether or not they are related parties of the Company, and it was not clear whether the counterparties to such agreements are indeed related parties of the Company for the purpose of Clause 49(VII) of the Listing Agreement. The Company is continuing to seek such confirmations. To the extent it is determined, based on materials available and information provided, that all or any of above mentioned agreements do not qualify as existing material related party contracts or arrangements, or the counterparties to all or any of these agreements do not qualify as related parties of the Company, such that approval of the shareholders of the Company is not required in respect of any of the above mentioned contracts or arrangements then, it follows that there will be no consequences on such contracts or arrangements or on their validity or on any act or omission that may have been committed or omitted pursuant thereto, by reason of the shareholders having approved or not approved any of such contracts or arrangements.

As further stated in Note 24(d) to the Statements, at the EGM, certain of the said historical agreements were not approved by the shareholders of the Company by requisite majority. Consequently, the Company has sought clarifications/ directions from the Securities and Exchange Board of India (SEBI) with respect to the implications of the non-approval of the aforesaid agreements by the shareholders of the Company (to the extent such approval is required under applicable law), and clarifications are awaited.

13. Auditors

13.1. Financial Audit

M/s. B.S.R. & Co. LLP, Chartered Accountants, Statutory Auditors of your Company, will hold office up to the conclusion of the 20th AGM of the Company, and their appointment is subject to ratification by the shareholders at each of the intervening AGMs.

13.2. Secretarial Audit

Pursuant to the provisions of section 204 of the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a Secretarial Audit has been carried out by M/s. Sudhir V Hulyalkar, Practising Company Secretary, and his report is annexed as Annexure 4.

14. Listing of Shares of the Company

The Equity Shares of your Company continue to be listed with the BSE Limited and the NSE. The listing fees for the year 2014-15 have been paid to these stock exchanges. The Company's shares were also listed on the Bangalore Stock Exchange Limited, whose operations were closed during the year.

15. Corporate Governance

A Corporate Governance Report is annexed separately as a part of this report.

16. Management Discussion and Analysis Report

The Management Discussion and Analysis Report is annexed separately as a part of this report.

17. Fixed Deposits

As reported in the previous year's annual report, your Company discontinued accepting fixed deposits from the public and shareholders effective January 1, 2014. In addition, pursuant to section 74(1)(b) of the Act, the Board of Directors at their meeting held on August 1, 2014 decided to repay all fixed deposits maturing on or after March 31, 2015 by March 31, 2015. Fixed deposits from the public and shareholders, which remained unclaimed and for which instructions had not been received from the depositors as on March 31, 2015, stood at ₹ 215.462 million. This amount was repaid by transfer into a separate, non-interest bearing escrow account opened specifically for the purpose, consistent with the provisions of the Act, and the rules made thereunder. Of this amount, a sum of ₹ 180.941 million (as of August 31, 2015) has since been paid as per instructions received after the year end. The balance unclaimed fixed deposits continue to remain in the escrow account.

18. Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 is annexed as Annexure 5.

19. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of sections 205A(5) and 205C of the Companies Act, 1956, the Unclaimed Dividend and Deposits, remain unclaimed and unpaid for a period of more than 7 years. The Company has accordingly transferred an amount aggregating to ₹ 41,35,063/- as unpaid dividend and ₹ 159,301.58 as unclaimed fixed deposits including interests during the year to the Investor Education and Protection Fund.

Due Date for Transfer to IEPF	Dividend Declaration Date	Unpaid Amt (₹)
8-Jan-16	09-Jan-09	1,468,167.00
8-Oct-16	09-Oct-09	2,143,560.00
13-Oct-17	14-Oct-10	2,844,185.00
21-Sep-18	22-Sep-11	2,986,765.00
15-Oct-19	16-Oct-12	3,284,965.00
16-Sep-20	17-Sep-13	2,149,242.50
18-Jan-16	19-Jan-09	387,896.00

Fixed Deposits:

Due Date for Transfer to IEPF	Unpaid Amt (₹)
2015-16 & 2016-17	397,157.52
2017-18	2,215,880
2018-19	3,018,927
2019-20	894,974
2020-21	705,247
2021-22	36,009,195

Necessary compliance under rule 3 of the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, has been ensured.

20. Human Resources

Employee relations remained cordial at all Company's locations.

Particulars of employees drawing an aggregate remuneration of ₹ 60,00,000/- or above per annum or ₹ 5,00,000/- or above per month, as well as additional information on employee remuneration as required under the provisions of rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as part of this report in Annexure 6 hereto.

21. Employees Stock Option Scheme

Your Company has not offered any stock options to its employees during the year 2014-15. During the year 2015–16, the Board, at its meeting held on August 20, 2015, approved a Stock Appreciation Rights (SAR) Plan for grant of 500,000 SARs and authorised the Nomination and Remuneration Committee to decide the criteria for grant and vesting of the SARs to employees and eligible directors. Since there will be no fresh issue of shares as a result of the SARs, there will be no dilution of equity and earning per share.

22. Particulars of Loans, Guarantees and Investments

Loans, guarantees and investments covered under section 186 of the Act, are detailed in Notes to the Financial Statements, which are as follows:

Notes 7 and 11.1 relating to investments, Notes 9 and 11.5 relating to loans given and Note 33 relating to guarantees given.

23. Risk Management

Details on Risk Management are annexed as part of this report in Annexure 7 hereto.

24. Internal Financial Controls

The Board considered materials placed before it, and after reviewing the confirmation from external parties and reviewing the effectiveness of the policies and procedures adopted by the Company for ensuring orderly and efficient conduct of its business, including adherence to Company's policy, safeguarding its assets, prevention and detection of frauds and errors and completeness of accounting records and timely preparation of financial statements, the Board has satisfied itself that the Company has laid down internal financial controls, commensurate with size of the Company and that such internal financial controls are broadly adequate and are operating effectively.

25. Corporate Social Responsibility

Information on the composition of the Corporate Social Responsibility (CSR) Committee is provided in the Corporate Governance Report that forms part of this annual report. Furthermore, as required by section 135 of the Act, and the rules made thereunder, additional information on the policy and implementation of CSR activities by your Company during the year are provided in Annexure 8 to this report. Business Responsibility Report under clause 55 of the Listing Agreement is not applicable to the Company since it was not among the Top 100 listed companies by market cap as of March 31, 2012.

26. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars prescribed under section 134(3)(m) of the Act, read with rule 8 of the Companies (Accounts) Rules, 2014, are set out in Annexure 9 to this report.

27. Details of Significant and Material Orders Passed By the Regulators or Courts Impacting the Going Concern Status and Company's Operations in Future

The Company has not received any significant or material order passed by regulators or courts impacting the Company's going concern status or the Company's operations in future.

28. Disclosure as Required Under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has implemented a Prevention of Sexual Harassment Policy, in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (SHWWA). An internal complaints committee (ICC) has been set up to redress complaints received regarding sexual harassment, and on-going training is provided to employees as required by the SHWWA. During the financial year 2014-15 one complaint was received and disposed off by the ICC.

29. Directors' Responsibility Statement

Pursuant to section 134 (5) of the Act, in relation to financial statements (together with the notes to such financial statements) for the year 2014-15, the Board of Directors report that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/ loss of the Company for that period;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the financial statements on a going concern basis;

(v) the Directors have laid down internal financial controls to be followed by the company commensurate with the size and nature of its business and the complexity of its operations and that such internal financial controls are adequate and are operating effectively; and

(vi) the Company has a system of getting reports of compliance periodically from the units and is also in the process of implementing formal systems to ensure compliance with the provisions of all applicable laws.

Your Directors place on record their sincere appreciation for the continued support from shareholders, customers, suppliers, banks and financial institutions and other business associates. A particular note of thanks to all employees of your Company, without whose contribution, your Company could not have achieved the year's performance.

By Authority of the Board

Dr. Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director and
Chief Executive Officer

Bangalore
September 23, 2015

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Code of Corporate Governance

1.1 Your Company is committed to good corporate governance and adheres to the tenets of integrity, accountability, fairness and transparency in all its operations.

1.2 Your Company pursues growth by adopting best corporate practices and timely disclosures, which will enhance the long term value to all stakeholders.

2. Board Of Directors

2.1 As on the date of this report, the Board of Directors of the Company comprises:

- a Non-Executive Chairman;
- an Executive Director;
- two Non-Executive Directors; and
- five Independent (Non-Executive) Directors.

2.2 None of the Director is related to any other Director.

2.3 Your Company has a balanced mix of executive and non-executive Directors from various backgrounds, which enables the Board to discharge its duties and responsibilities in an effective manner.

2.4 During the financial year under review, thirteen Board Meetings were held, i.e., on April 23, 2014, April 30, 2014, May 08, 2014, May 09, 2014, May 16, 2014, June 17, 2014, August 01, 2014, August 14, 2014, September 03, 2014, September 30, 2014, October 20, 2014, November 13, 2014 and January 24, 2015.

2.5 Attendance of each Director at the Board Meetings and at the last Annual General Meeting and details of number of outside directorship and committee positions held by each of the Directors are given below.

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 30.09.2014	No. of other Companies in which Director	No. of committees (other than the Company) as Chairman / Chairperson / Member
Dr. Vijay Mallya [1]	Non-Executive Chairman	12	Yes	10	4
Dr. Nicholas Bodo Blazquez [2]	Non-Executive Vice-Chairman	1	NA	Nil	Nil
Mr. Anand Kripalu [3]	Managing Director and Chief Executive Officer	6	Yes	1	3
Mr. Ashok Capoor [4]	Executive / Managing Director	2	No	2	0
Mr. Gilbert Ghostine [5]	Non-Executive Director	8	Yes	Nil	Nil
Mr. G.N. Bajpai [6]	Independent Non-Executive Director	8	Yes	15	8 (Chairman of 5)
Mr. Arunkumar Ramanlal Gandhi [7]	Independent Non-Executive Director	9	Yes	3	2
Mr. Vikram Singh Mehta [8]	Independent Non-Executive Director	5	Yes	11	3
Mr. Sudhakar Rao [9]	Independent Non-Executive Director	10	Yes	8	6 (Chairman of 3)
Mr. D. Sivanandhan [10]	Independent Non-Executive Director	12	Yes	7	15 (Chairman of 5)
Dr (Mrs.) Indu Shahani [11]	Independent Non-Executive Director	4	No	6	5 (Chairperson of 2)
Mr. Ravi Rajagopal	Non-Executive Director	13	Yes	Nil	Nil
Mr. P.A. Murali [12]	Executive Director	12	Yes	8	2
Mr. Paul Steven Walsh [13]	Non-Executive Director	2	No	Nil	Nil
Mr. Rajeev Gupta [14]	Independent Non-Executive Director	1	No	7	9 (Chairman of 1)
Mr. Mahendra Kumar Sharma [15]	Independent Non-Executive Director	NA	NA	9	7

1 Re-appointed as a Non-Executive Director with effect from September 30, 2014. Out of the ten other companies in which Dr. Vijay Mallya is a Director, three are private limited companies of which 1 is a subsidiary of a Public Company

2 Appointed as an Additional Director with effect from October 20, 2014, and October 1, 2015, subject to approval of shareholders.

3 Appointed as Chief Executive Officer with effect from May 01, 2014 and as Managing Director and Chief Executive Officer with effect from August 14, 2014.

4 Ceased to be Managing Director and Director on April 30, 2014.

5 Ceased to be Director with effect from September 30, 2014 due to retirement by rotation.

6 Ceased to be Director with effect from September 30, 2014 since he did not offer himself for re-appointment. Out of fifteen other companies in which Mr. G.N. Bajpai is a Director, three are private limited companies and 2 are section 8 Companies under the Act (formerly section 25 Companies under the Companies Act, 1956).

7 Ceased to be Director with effect from September 30, 2014 since he did not offer himself for re-appointment. Out of 4 other Companies in which Mr. Arunkumar Ramanlal Gandhi was a Director, 1 was a private limited company.

8 Ceased to be Director with effect from September 30, 2014 since he did not offer himself for re-appointment. Out of the nine other companies in which Mr. Vikram Singh Mehta is a Director, one is a private limited company. Mr. Mehta is also designated partner in TMA Estates LLP.

9 Appointed as an Independent Director with effect from September 30, 2014. Out of the eight other companies in which Mr. Sudhakar Rao is a Director, one is a private limited company and four are section 8 Companies under the Act (formerly section 25 Companies under the Companies Act, 1956).

10 Appointed as an Independent Director with effect from September 30, 2014. Out of the seven other companies in which Mr. D. Sivanandhan is a director, two are private limited companies.

11 Appointed as an Independent Director with effect from September 30, 2014. Out of 7 other Companies in which Dr.(Mrs.) Indu Shahani is a Director, 3 are Private Limited Companies.

12 Resigned as an Executive Director with effect from April 22, 2015. Out of the eight other companies in which Mr. P.A. Murali is a director, five are private limited companies of which two are subsidiaries of a public company.

13 Resigned as a Director with effect from October 20, 2014.

14 Appointed as an Additional Director in the capacity of an Independent Director with effect from December 23, 2014 and October 1, 2015, subject to approval of the shareholders. Out of the seven other companies in which Mr. Rajeev Gupta is a Director, one is a private limited company.

15 Appointed as an Additional Director in the capacity of an Independent Director with effect from April 01, 2015 and October 1, 2015, subject to approval of the shareholders. Out of the Nine other companies in which Mr. Mahendra Kumar Sharma is a director, three are private limited companies and one is a section 8 company.

NOTE: The above details are in respect of their Directorships only in Indian Companies.

2.6 Disclosures Regarding Appointment and Reappointment of Directors

a. Directors Retiring by Rotation and Being Proposed for Reappointment

Mr. Ravi Rajagopal (DIN: 00067073).

Mr. Rajagopal is the former Global Head of Business Development of Diageo plc and was in that role since September 2010. Mr. Rajagopal joined Diageo in 1997 and held a variety of roles covering regional finance and group controller. He will be leaving Diageo plc as an employee at the end of September 2015 to pursue other business opportunities outside Diageo plc. He is a chartered accountant and a cost accountant and has attended the Advanced Management Program at the Harvard Business School.

Prior to joining Diageo, Mr. Rajagopal worked with ITC Ltd, India where again he held a variety of senior positions both in finance and general management. Mr. Rajagopal has over 30 years of experience.

Mr. Rajagopal does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Rajagopal is not a Director in any other Indian Company.

Mr. Rajagopal has been appointed as a member of the Audit Committee, General Committee and Risk Management Committee of the Company.

b. Appointment of Directors

Dr. Nicholas Bodo Blazquez (DIN: 06995779)
Dr. Nicholas Bodo Blazquez graduated from the University of Aberdeen with a Bachelor of Science majoring in anatomy. He has Ph.D. from the University of Bristol specializing in reproductive physiology.

Dr. Blazquez is President of Diageo Asia Pacific and Africa and a member of the global Executive Committee of Diageo plc, the world's leading premium drinks company. He is responsible for all of Diageo plc's businesses in Asia Pacific, Africa and Global Travel.

Dr. Blazquez has been with Diageo for over 25 years, covering leadership roles in Africa, Asia and Europe. His previous roles include President of Diageo Africa, Turkey, Russia and Central and Eastern Europe and Global Sales, President of Diageo Africa, Managing Director of Diageo Africa, Managing Director of Diageo Asia Key Markets covering Thailand, Japan, South Korea and Taiwan and Managing Director of Diageo Morgan Furze (UK). He is also a Trustee of Mercy Corps, an international development organization that helps people around the world survive and thrive after conflict, crisis and natural disaster

Dr. Blazquez does not hold by himself or for any other person on a beneficial basis, any shares in the Company

Dr. Blazquez is not a Director in any other Indian Company.

Dr. Blazquez has been appointed as a Vice Chairman of the Company and as a member of the Audit Committee of the Company.

Mr. Rajeev Gupta (DIN: 00241501)
Mr. Rajeev Gupta graduated from IIT BHU in 1980 and completed a Master's in Business Administration from IIM Ahmedabad in 1982.

He has over 33 years of experience in industrial manufacturing businesses, investment banking and private equity. His prior work experience includes CEO position in Cosmo Ferrites Ltd and Joint Managing Director of DSP Merrill Lynch Ltd. He is now the CEO of Arpwood Capital Ltd, an Investment Banking Company he founded in 2012 and a partner in Arpwood Partners Investment Advisors LLP which manages private equity investments.

Details of Mr. Rajeev Gupta's directorships / partnerships in other Indian companies / firms / LLP are as under.

Directorships in other Indian Companies	Position held
Arpwood Capital Private Limited	Director
Arpwood Partners Investment Advisors LLP	Partner
Cosmo Films Limited	Director
Dalmia Cement Bharat Limited	Director
EIH Limited	Director
TVS Capital Funds Limited	Director
Vardhman Special Steel Limited	Director
VIP Industries Limited	Director

Mr. Gupta is the Chairman of Finance and Operations Committee and a Member of Audit Committee, Stakeholders Relationship Committee in Cosmo Films Limited. Mr. Gupta is also a Member of Mergers and Acquisition Committee in Dalmia Cement (Bharat) Limited, Member of Corporate Social Responsibility Committee in EIH Limited, Member of Governance Committee in TVS Capital Funds Limited, Member of Remuneration Committee and Audit Committee in Vardhman Special Steel Limited.

Mr. Gupta does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Gupta has been appointed as a member of the Audit Committee of the Company.

Mr. Mahendra Kumar Sharma (DIN: 00327684)
Mr. Mahendra Kumar Sharma holds a Bachelors degrees in Arts and Law, and Post Graduate Diplomas in Personnel Management and Labour Laws. He has also attended the Advance Management Programme at the Harvard Business School.

Mr. Sharma joined Hindustan Unilever Limited (HUL) (Formerly known as Hindustan Lever Limited) in the year 1974 and subsequently joined the management committee of HUL in the year 1990. He has served on the Board of HUL for 12 years, with seven years as Vice-Chairman, starting from the year 2000 till his retirement in 2007.

Mr. Sharma has vast and rich experience in the field of mergers and acquisition, corporate restructuring and law. Mr. Sharma has served as member of the Corporate Law Committee formed by the Ministry of Corporate Affairs, and the Naresh Chandra Committee on Corporate Governance. He is also actively involved in several industry associations. Details of Mr. Sharma's directorships in other Indian companies and role in other associations are as under.

Directorships in other Indian Companies	Position held
Thomas Cook (India) Limited	Non-Executive Chairman
ICICI Bank Limited	Non-Executive Chairman
Wipro Limited	Independent Director
Asian Paints Limited	Independent Director
Blue Star Limited	Independent Director
East India Investment Co. Private Limited	Director
Gwalior Webbing Co. Private Limited	Director
Atria Convergence Technologies Private Limited	Director
Indian School of Business	Member, Executive Board
Anglo Scottish Education Society Limited	Director/Governor
Cathedral Welfare Trust	Trustee
The Sanmar Group, Chennai	Member – Advisory Board
M.K. Sharma & Associates	Owner

Mr. Sharma is a Member of the Audit Committee and Chairman of Shareholders / Investor's Grievance Committee of Wipro Limited. Mr. Sharma is also a member of the Audit Committee of Blue Star Limited, Asian Paints Limited, and Thomas Cook (India) Limited. Mr. Sharma is a member of the Board Nomination and Remuneration Committee of Asian Paints Limited.

Mr. Sharma does not hold by himself or for any other person on a beneficial basis, any shares in the Company

Mr. Sharma was appointed as the Chairman of the Audit Committee of the Company with effect from April 25, 2015.

3. Audit Committee

3.1 The Audit Committee constituted by the Company is presently comprised as follows.

Mr. Mahendra Kumar Sharma (Chairman) [1]	Non-Executive Independent Director
Dr. (Mrs.) Indu Shahani [2]	Non-Executive Independent Director
Mr. Sudhakar Rao	Non-Executive Independent Director
Mr. D. Sivanandhan	Non-Executive Independent Director
Mr. Ravi Rajagopal	Non-Executive Director
Dr. Nicholas Bodo Blazquez [3]	Non-Executive Director
Mr. Rajeev Gupta [4]	Non-Executive Independent Director

1 Appointed as Chairman of Audit Committee with effect from April 25, 2015.

2 Appointed as Chairperson of Audit Committee with effect from October 19, 2014 till April 24, 2015.

3 Appointed as member of Audit Committee with effect from January 24, 2015.

4 Appointed as member of Audit Committee with effect from January 24, 2015.

3.2 In addition, the following directors who were members of the Audit Committee during the financial year ended March 31, 2015 also ceased to be members of the Audit Committee during the financial year ended March 31, 2015 upon ceasing to be Directors of the Company on September 30, 2014, as stated above.

Mr. Arunkumar Ramanlal Gandhi	Non-Executive Independent Director
Mr. G N Bajpai	Non-Executive Independent Director
Mr. Vikram Singh Mehta	Non-Executive Independent Director
Mr. Gilbert Ghostine	Non-Executive Director

3.3 Keeping in view the provisions of section 177 of the Act, and the provisions of the Listing Agreement, The terms of reference of the Audit Committee include the following.

a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

c. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:

    i. Major accounting entries based on exercise of judgment by management;

    ii. Qualifications in draft audit report;

    iii. Significant adjustments arising out of audit; and

    iv. Disclosure of any related party transactions.

d. Reviewing with the management, performance of statutory and internal auditors, external and internal auditors, the adequacy of internal control systems.

e. Reviewing the adequacy of internal audit function including the structure of the internal audit department, reporting structure coverage and frequency of internal audit.

f. Discussion with internal auditors on any significant findings and follow up thereon.

g. Reviewing the findings of any internal investigations by the internal auditors and external consultants into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

h. Discussion with statutory auditors before the audit commences, nature and scope of audit as well as post-audit discussions to ascertain any area of concern.

i. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

3.4 The Audit Committee, inter alia, has reviewed the financial statements including Auditors' Report for the year ended March 31, 2015 and has recommended its adoption. In addition, the Audit Committee has also reviewed the unaudited (provisional) quarterly results for June 30, 2014, quarterly and six months results for September 30, 2014 and quarterly and nine months results for December 31, 2014 (which were subjected to a limited review by the Statutory Auditors of the Company), and the audited financial results for the year ended March 31, 2015.

3.5 During the financial year under review, six meetings were held, i.e., on May 15, 2014, August 01, 2014, September 02, 2014, October 19, 2014, November 10, 2014, January 22, 2015. The details of attendance by members of the Audit Committee at such meetings are as stated below. (These details should be read with the information on appointment to and cessation of membership in the Audit Committee, set out above.)

Name of the Director	No. of Meetings	Meetings attended
Dr. (Mrs.) Indu Shahani	3	3
Mr. Sudhakar Rao	6	5
Mr. D. Sivanandhan	6	6
Mr. Ravi Rajagopal	6	6
Dr. Nicholas Bodo Blazquez	2	0
Mr. Arunkumar Ramanlal Gandhi	3	3
Mr. G N Bajpai	3	3
Mr. Vikram Singh Mehta	3	2
Mr. Gilbert Ghostine	3	3

Note: Mr Rajeev Gupta who was appointed as a member of the Audit Committee on January 24, 2015 and Mr. M. K. Sharma on April 1, 2015 are not shown in the above table since their dates of appointment were after the dates of the Audit Committee meetings shown above.

4. Nomination and Remuneration Committee

4.1 The Nomination and Remuneration Committee (NRC) constituted by the Company comprises at present the following Directors.

Dr. (Mrs.) Indu Shahani [1]	Non-Executive Independent Director
Mr. Sudhakar Rao	Non-Executive Independent Director
Mr. D. Sivanandhan	Non-Executive Independent Director
Dr. Vijay Mallya [2]	Non-Executive Director

1 Appointed as Chairperson of the NRC with effect from October 20, 2014.

2 Appointed as member of the NRC with effect from October 20, 2014.

4.2 In addition, the following directors who were members of the NRC during the financial year ended March 31, 2015 ceased to be members of the NRC during the financial year ended March 31, 2015, following the cessation of their directorships on September 30, 2014 for the reasons stated above.

Mr. Arunkumar Ramanlal Gandhi	Non-Executive Independent Director
Mr. G N Bajpai	Non-Executive Independent Director
Mr. Gilbert Ghostine	Non-Executive Director
Mr. Vikram Singh Mehta	Non-Executive Independent Director

4.3 Keeping in view the provisions of section 178 of the Act, and the provisions of the Listing Agreement, the terms of reference of the NRC include the following.

a. Assist the Board of Directors of the Company to:

i. determine, review and propose compensation principles and policy of the Company;

ii. assess and review compensation plans recommended by the management;

iii. recommend the compensation packages of the company's Executive Directors.

b. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every director's performance.

c. Approve and recommend matters relating to compensation by way of salary, perquisites, benefits, etc., to the Managing/ Whole Time/ Executive Directors of the Company.

d. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration for the directors including independent directors, key managerial personnel and other employees.

The policy shall, inter alia, cover termination payments to the Executive Committee members and other Senior Executives and oversight of the same by the Committee.

The remuneration policy shall set guidelines for the Executive Committee/ Managing Director to approve remuneration to the Managing Committee members and their direct reports and other executives.

e. Review and recommend to the Board of Directors for approval any mandatory disclosures of the Management compensation.

f. Review and reassess the adequacy of the charter and perform annual self-evaluation of the performance of the Committee.

g. Carry out any other acts and deeds as may be delegated by the Board of Directors and deal with such other matters as may be prescribed under the Act, the Listing requirements and other statutory enactments.

h. Provide guidance to the Human Resources Department to set up policy and procedure for succession planning of Key Managerial Personnel and other senior management of the Company.

i. Approve any share incentive or other plans for the employees of the Company.

4.4 During the financial year under review, five meetings were held i.e., on April 23, 2014, April 30, 2014, August 14, 2014, October 20, 2014, and January 22, 2015. The details of attendance by members of the Committee at such meetings are as stated below. (These details should be read with the information on appointment to and cessation of membership in the NRC, set out above.)

Name of the Director	No. of Meetings	Meetings attended
Dr. (Mrs.) Indu Shahani	2	2
Mr. Sudhakar Rao	5	5
Mr. D. Sivanandhan	5	5
Dr. Vijay Mallya	2	1
Mr. Arunkumar Ramanlal Gandhi	3	3
Mr. G N Bajpai	3	3
Mr. Gilbert Ghostine	3	2
Mr. Vikram Singh Mehta	3	1

4.5 Remuneration of Directors

The details of Remuneration paid/ payable to the Directors during the Financial Year April 1, 2014 to March 31, 2015 are given below.

a. Executive Directors

i. Managing Director: Mr. Ashok Capoor

A. Mr. Ashok Capoor was appointed as the Managing Director of the Company for a period of three years with effect from May 02, 2011. The terms and conditions of appointment and remuneration of Mr. Ashok Capoor were approved by the shareholders at the AGM held on September 29, 2011 and the terms of remuneration were revised at the Board Meeting held on February 04, 2013, which were approved by the shareholders at the AGM held on September 24, 2013.

B. Mr. Ashok Capoor ceased to be Managing Director and Director with effect from May 01, 2014. There was no severance fee, and no stock option has been granted during the year. The notice period is six months. The performance criteria was as determined by the Nomination and Remuneration Committee. The Remuneration paid to Mr Ashok Capoor is governed by the approval of the shareholders as per the provisions of the Companies Act, 1956, and was within the limits as per Schedule V to the Act. The details of the remuneration are mentioned in the Director's Report.

ii. Managing Director: Mr Anand Kripalu

A. Mr. Anand Kripalu was appointed as Chief Executive Office with effect from May 1, 2014 and as Managing Director and Chief Executive Officer of the Company for a period of five years with effect from August 14, 2014. The terms and conditions of appointment and remuneration of Mr. Anand Kripalu were as set out in the resolution approved by the shareholders at the AGM held on September 30, 2014 and as per the applicable rules of the Company. In addition, as noted in the shareholder resolution approving Mr Kripalu's remuneration, Mr. Kripalu has not received any shares of Diageo plc from Diageo plc pursuant to the Diageo Associated Companies Share Incentive Plan (DACSIP). Furthermore, as stated in such resolution, there was no cost to the Company on account of Mr Kripalu's eligibility under the DACSIP and the DACSIP did not, and does not, involve any shares of USL. There is no severance fee and the notice period is six months. The performance criteria was as determined by the Nomination and Remuneration Committee.

B. The terms of remuneration payable to Mr. Anand Kripalu were revised at the Board Meeting held on August 20, 2015, which are set out in the special resolution to be approved by the shareholders at the ensuing AGM notified to be held on November 24, 2015. The remuneration paid to Mr. Anand Kripalu as Managing Director during the year ended 31st March 2015 is given in the Director's Report.

C. As there was no profit during the financial year ended March 31, 2015, the managerial remuneration paid to Mr Anand Kripalu has exceeded the limits prescribed in section 197 of the Act, read with Schedule V of the Act. As required, the Company is in the process of obtaining the Central Government' approval for the excess remuneration so paid.

iii. Executive Director: Mr. P.A. Murali

A. Mr. P.A. Murali was appointed as an Executive Director of the Company for a period of five years with effect from July 04, 2013. The terms and conditions of appointment and remuneration of Mr. P.A. Murali are as set out in the resolution approved by the shareholders at the AGM held on September 24, 2013 and as per the applicable rules of the Company.

B. The terms of remuneration payable to Mr. P.A. Murali was revised at the Board Meeting held on April 30, 2014, and were approved by the shareholders by special resolution at the AGM held on September 30, 2014. The remuneration paid to Mr. P.A. Murali as Executive Director during the year ended 31st March 2015 is given in the Director's Report.

C. Mr P. A. Murali resigned as an Executive Director with effect from April 22, 2015. There was no severance fee and no stock option has been granted during the year. The notice period is six months. The performance criteria was as determined by the Nomination and Remuneration Committee.

D. As there was no profit during the financial year ended March 31, 2015, the managerial remuneration paid to Mr P.A. Murali has exceeded the limits prescribed in section 197 of the Act, read with Schedule V of the Act. As required, the Company is in the process of obtaining the Central Government's approval for the excess remuneration so paid.

b. Non - Executive Directors

i. Sitting Fees have been paid to Non-Executive Directors for attending Board/ Committee Meetings as specified in the table below (which table should be read with information regarding the appointment, re-appointment, resignation or retirement of such directors provided in the preceding sections of this Corporate Governance Report). They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred for attending such meetings in accordance with the Board approved policies for such reimbursements.

Other than the sitting fees and reimbursement of expenses, no other remuneration was paid. No securities/ convertible instruments were issued or allotted to any of the non-executive directors during the financial year.

Name of the Non-Executive Director	Sitting fees (₹)
Dr. Vijay Mallya	7,80,000
Mr. Gilbert Ghostine	Nil
Mr. G.N. Bajpai	7,50,000
Dr. Nicholas Bodo Blazquez	Nil
Mr. Arunkumar Ramanlal Gandhi	8,10,000
Mr. Sudhakar Rao	16,90,000
Mr. D. Sivanandhan	17,40,000
Mr. Ravi Rajagopal	Nil
Mr. Paul Steven Walsh	Nil
Mr. Vikram Singh Mehta	5,15,000
Mr. Rajeev Gupta	1,00,000
Dr. (Mrs.) Indu Shahani	8,70,000

ii. Non-Executive Directors are also eligible for commission every year not exceeding one per cent of the net profits of the Company as approved by the shareholders at the AGM held on September 30, 2014 to remain in force until 2019. Such commission may be apportioned amongst the Directors in any manner they deem fit.

iii. No commission is proposed to be paid for the financial year ended March 31, 2015 due to absence of profits.

c. Particulars of Equity Shares of the Company currently held by Directors

Other than Dr. Vijay Mallya, who holds 12,510 equity shares of the Company, no other Director holds any equity shares of the Company.

5. Stakeholders' Relationship Committee

5.1 The Shareholder's/ Investor's Grievance Committee, renamed as the Stakeholders' Relationship Committee, constituted by the Company, is presently comprised as follows.

Mr. D. Sivanandhan (Chairman)	Non-Executive Independent Director
Mr. Sudhakar Rao	Non-Executive Independent Director
Dr. Vijay Mallya [1]	Non-Executive Director
Dr.(Mrs.) Indu Shahani [1]	Non-Executive Independent Director

1 Appointed as member of the Committee with effect from November 13, 2014

5.2 In addition, the following Directors who were members of the Stakeholders' Relationship Committee during the financial year ended March 31, 2015 also ceased to be members of the Stakeholders' Relationship Committee during the financial year ended March 31, 2015, following the cessation of their directorships on September 30, 2014 for the reasons stated above.

Mr. G.N. Bajpai	Non-Executive Independent Director
Mr. Arunkumar Ramanlal Gandhi	Non-Executive Independent Director

5.3 Keeping in view the provisions of section 178 of the Act, and the provisions of the Listing Agreement, the terms of reference of the Stakeholders Relationship Committee are as follows including the following.

a. Review the redressal of shareholders', debenture holders' and depositors' or any other security holders' grievances / complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of interest warrants, etc., and ensure cordial relation with the Stakeholders.

b. Review the adherence to service standards relating to the various services rendered by the Company and Company's Registrars & Transfer Agents.

c. Review the status of the litigations, complaints / suits filed by or against the Company relating to the shares / fixed deposits, debentures or any other securities of the Company before any Courts / other appropriate authorities, and in particular where directors are implicated or could be made liable.

d. Review the impact of enactments/ amendments made by the Ministry of Corporate Affairs/ Securities and Exchange Board of India and other regulatory authorities on matters concerning the Stakeholders in general.

e. Review matters relating to transfer of unclaimed and unpaid dividend, matured deposits, interest accrued on the matured deposits, debentures etc., to the Investor Education and Protection Fund as specified under the Act.

f. Review the status of claims received for unclaimed shares and dividend on unclaimed shares.

g. Review the initiatives taken to reduce quantum of unclaimed dividends / unclaimed deposits.

h. Act on such further terms of reference as may be considered necessary and specified by the Board in writing from time to time.

i. Review service standards and investor service initiatives undertaken by the Company.

5.4 Mr. V. S. Venkataraman, former Company Secretary, was the Compliance Officer. He has ceased to be the Compliance Officer with effect from March 31, 2015, due to his retirement from the services of the Company. Mr. V. Ramachandran has been appointed as the Company Secretary with effect from May 1, 2015, and he is currently the Compliance Officer.

5.5 During the financial year under review, three meetings were held on August 07, 2014, November 13, 2014 and January 22, 2015.

5.6 The details of attendance by members of the Committee are as below. (These details should be read with the information on appointment to and cessation of membership in the Stakeholders' Relationship Committee, set out above.)

Name of the Director	No. of Meetings	Meetings attended
Mr. D. Sivanandhan (Chairman)	3	3
Mr. Sudhakar Rao	3	3
Dr. Vijay Mallya	2	1
Dr. (Mrs.) Indu Shahani	2	1
Mr. G.N. Bajpai	1	1
Mr. Arunkumar Ramanlal Gandhi	1	1

5.7 The Company/ Company's Registrars received 48 complaints during the financial year, all of which were resolved to the satisfaction of shareholders/ investors.

Details of such complaints are as follows.

Sl. No.	Complaints relating to	No. of Complaints received	No. of Complaints resolved
1	Non-receipt of refund order / allotment letter	NIL	NIL
2.	Non-receipt of Dividend/Interest on Shares/ Debentures/ Fixed Deposits/ maturity amount on debentures	14	14
3	Non-receipt of share certificates	29	29
4	Non-receipt of Annual Report/ Rights Forms/ Bonus Shares/ Interest on delayed refund/ Dividend and Interest	5	5
5	Others	Nil	Nil
	Total	**48**	**48**

In addition to the above, there are a few shareholder litigations where the company has been made a party to such disputes.

6. Corporate Social Responsibility Committee

6.1 The Corporate Social Responsibility (CSR) Committee constituted by the Company is presently comprised as follows.

Mr. Sudhakar Rao [1]	Non-Executive Independent Director
Mr. D. Sivanandhan	Non-Executive Independent Director
Dr. (Mrs.) Indu Shahani	Non-Executive Independent Director
Mr. Anand Kripalu	Managing Director and Chief Executive Officer
Dr. Vijay Mallya	Non-Executive Director

1 Appointed as Chairman of the Committee with effect from September 30, 2014.

6.2 In addition, Mr. P. A. Murali, who was a member of the CSR Committee ceased to be a member of the CSR Committee, following his resignation on April 22, 2015.

6.3 During the financial year under review, one meeting was held on January 22, 2015. The details of attendance by members of the CSR Committee are as below. (These details should be read with the information on appointment to and cessation of membership in the CSR Committee, set out above).

Name of the Director	No. of Meetings	Meetings attended
Mr. Sudhakar Rao	1	1
Mr. D. Sivanandhan	1	1
Dr. (Mrs.) Indu Shahani	1	1
Mr. Anand Kripalu	1	1
Dr. Vijay Mallya	1	0
Mr. P.A. Murali	1	1

6.4 The CSR Report of the Company for the year ended March 31, 2015 has been approved by the Board and is provided in Annexure 8 as part of the Board's report. A copy of your Company's CSR policy is available on the Company's website at www.unitedspirits.in.

7. Risk Management Committee

7.1 The Risk Management Committee constituted by the Company is presently comprised as follows.

Mr. D. Sivanandhan [1]	Non-Executive Independent Director
Mr. Sudhakar Rao	Non-Executive Independent Director
Dr. (Mrs.) Indu Shahani	Non-Executive Independent Director
Mr. Ravi Rajagopal	Non-Executive Director
Dr. Vijay Mallya	Non-Executive Director
Mr. Anand Kripalu	Managing Director and Chief Executive Officer

1 Appointed as Chairman of the Committee with effect from May 16, 2014.

7.2 In addition, Mr. P.A. Murali, who was a member of the Risk Management Committee ceased to be a member of the

Risk Management Committee, following his resignation on April 22, 2015.

7.3 During the financial year under review, one meeting was held on January 22, 2015. The details of attendance by members of the Risk Management Committee are as below. (These details should be read with the information on appointment to and cessation of membership in the Risk Management Committee, set out above.)

Name of the Director	No. of Meetings	Meetings attended
Mr. Sudhakar Rao	1	1
Mr. D. Sivanandhan	1	1
Dr. (Mrs.) Indu Shahani	1	1
Mr. Ravi Rajagopal	1	1
Mr. Anand Kripalu	1	1
Dr. Vijay Mallya	1	0
Mr. P. A. Murali	1	1

8. Other Board Committees

8.1 The Company also has a Committee of Directors with authority delegated by the Board of Directors from time to time, inter alia, to approve transfer and transmission of shares, issue of new share certificates on account of certificates lost, defaced, etc., dealing with matters relating to post amalgamation of companies and for other routine operations such as issue of power of attorney, operation of bank accounts etc.

8.2 The Committee is presently comprised as follows.

Mr. Sudhakar Rao	Non-Executive Independent Director
Mr. D. Sivanandhan	Non-Executive Independent Director
Dr. (Mrs.) Indu Shahani	Non-Executive Independent Director
Mr. Ravi Rajagopal	Non-Executive Director
Mr. Anand Kripalu	Managing Director and Chief Executive Officer

8.3 In addition, Mr. P. A. Murali, who was a member of the Committee of Directors ceased to be a member of the Committee of Directors subsequent to the financial year ended March 31, 2015, following his resignation on April 22, 2015.

8.4 In connection with the open offer made by Relay B.V., an indirect wholly owned subsidiary of Diageo plc, to the public shareholders of the Company, a Committee of Independent Directors was constituted on April 23, 2014, pursuant to, and with the sole purpose of meeting the requirements of regulation 26(7) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and comprised all of the independent directors in office at that time. The open offer was completed on July 2, 2014.

9. General Body Meetings

9.1 The details of the last three annual general meetings (AGMs) held are furnished as under.

Financial Year ended	Date	Time	Venue
March 31, 2014	September 30, 2014	2.30 p.m.	Level 1, UB Tower, #24, Vittal Mallya Road, Bangalore – 560 001
March 31, 2013	September 24, 2013	11.30 a.m.	Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore 560 025
March 31, 2012	September 25, 2012	11.30 a.m.	Good Shepherd Auditorium, Opposite St. Joseph's Pre-University College, Residency Road, Bangalore 560 025

9.2 The special resolutions passed by the shareholders at the past three AGMs are summarised below:

AGM held on	Subject matter of the Special Resolution
September 30, 2014	(i) Appointment of, and remuneration payable to, Mr. Anand Kripalu as Managing Director and Chief Executive Officer (ii) Revision in terms of remuneration payable to Mr. P. A. Murali, Executive Director (iii) Approval of the borrowing limits (iv) Payment of Remuneration to Non-Executive Directors
September 24, 2013	(i) Appointment of Mr. P. A. Murali as Executive Director (ii) Revision in the terms of remuneration payable to Mr. Ashok Capoor, Managing Director (iii) Alteration of Articles of Association of the Company
September 29, 2012	No special resolution was passed at this meeting.

9.3 All the resolutions set out in the AGM Notices including special resolutions as above were passed by the Shareholders.

10. Postal Ballot & Extraordinary General Meeting

10.1 The Company has not passed any resolution at the above AGMs, which was required to be passed through postal ballot as per the provisions of the Act, and the rules framed thereunder. At the forthcoming AGM also, there is no ordinary or special resolution proposed that requires passing by way of postal ballot.

10.2 The following resolutions were passed through postal ballot during 2014-15 and the details/ results of the postal ballot exercise so conducted are as under.

Date of Notice of Postal Ballot	Date of Results	Description	Results
May 9, 2014	July 04, 2014	Special Resolution under section 180 of the Act in relation to the sale and transfer of the entire issued share capital of Whyte and Mackay Group Limited	The resolution was passed by the requisite majority of the shareholders.
October 20, 2014	November 28, 2014	Special Resolution under section 188 of the Act, in relation to entering into distribution agreement, license for manufacture and sale agreements and cost sharing agreement with certain Diageo subsidiaries.	The resolution was not passed by the requisite majority of the shareholders. However, the resolutions were subsequently taken up for approval of shareholders and was approved by the shareholders with requisite majority at the extraordinary general meeting of the Company held on January 9, 2015.

10.3 The Postal Ballot exercise, under section 110 of the Act, was conducted by Mr. Sudhir V Hulyalkar, a Company Secretary in practice, scrutinizer appointed for the purpose.

10.4 During the year, two Extraordinary General Meetings were held and the details are as follows:

Date of Notice of Extraordinary General Meeting & Date of Meeting	Date of Results	Description	Results
October 31, 2014 & November 28, 2014	November 29, 2014	1. Considering erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA)	Resolution carried with requisite majority
October 31, 2014 & November 28, 2014	November 29, 2014	2. Approval of sales promotion services agreement dated October 1, 2013, between the Company and Diageo India Private Limited, which may qualify as an existing material related party transaction entered into by the Company	Resolution carried with requisite majority
October 31, 2014 & November 28, 2014	November 29, 2014	3. Approval of loan agreement dated July 3, 2013, between the Company and United Breweries (Holdings) Limited, which may qualify as an existing material related party transaction entered into by the Company	Resolution not carried with requisite majority
October 31, 2014 & November 28, 2014	November 29, 2014	4. Approval of trademark licence agreement dated June 29, 2013, between the Company and United Breweries (Holdings) Limited, which may qualify as an existing material related party transaction entered into by the Company	Resolution carried with requisite majority
October 31, 2014 & November 28, 2014	November 29, 2014	5. Approval of agreements dated September 30, 2011 and December 22, 2011 respectively, between the Company and United Breweries (Holdings) Limited requiring United Breweries (Holdings) Limited to sell to the Company certain immovable properties, which may qualify as existing material related party transactions entered into by the Company	Resolution not carried with requisite majority
October 31, 2014 & November 28, 2014	November 29, 2014	6. Approval of services agreement dated July 3, 2013, between the Company and Kingfisher Finvest India Limited, which may qualify as an existing material related party transaction entered into by the Company	Resolution not carried with requisite majority
October 31, 2014 & November 28, 2014	November 29, 2014	7. Approval of advertising agreement dated October 1, 2013 (which amended and restated the original agreement dated July 3, 2013) between the Company and Watson Limited, which may qualify as an existing material related party transaction entered into by the Company	Resolution not carried with requisite majority
October 31, 2014 & November 28, 2014	November 29, 2014	8. Approval of sponsorship agreement dated June 11, 2013 between the Company and United Racing & Bloodstock Breeders Limited, which may qualify as an existing material related party transaction entered into by the Company	Resolution not carried with requisite majority
October 31, 2014 & November 28, 2014	November 29, 2014	9. Approval of sponsorship agreement dated June 11, 2013 between the Company and United Mohun Bagan Football Team Private Limited, which may qualify as an existing material related party transaction entered into by the Company	Resolution not carried with requisite majority

Date of Notice of Extraordinary General Meeting & Date of Meeting	Date of Results	Description	Results
October 31, 2014 & November 28, 2014	November 29, 2014	10. Approval of aircraft services agreement dated June 11, 2013 between the Company and UB Air Private Limited, which may qualify as an existing material related party transaction entered into by the Company	Resolution not carried with requisite majority
October 31, 2014 & November 28, 2014	November 29, 2014	11. Approval of properties call agreement dated June 11, 2013 between the Company and PE Data Centre Resources Private Limited, which may qualify as an existing material related party transaction entered into by the Company	Resolution not carried with requisite majority
October 31, 2014 & November 28, 2014	November 29, 2014	12. Approval of contribution agreement dated June 11, 2013 between the Company and Vittal Mallya Scientific Research Foundation, which may qualify as an existing material related party transaction entered into by the Company	Resolution not carried with requisite majority
December 12, 2014 & January 09, 2015	January 09, 2015	Approval for entering into license for manufacture and sale agreements, distribution agreement, cost sharing agreement and such other and further agreements in connection with the aforesaid agreements by the Company with certain subsidiaries of Diageo plc, the Company's ultimate holding company, as mentioned in the Notice dated December 12, 2014.	Resolution carried with requisite majority

10.5 Extraordinary general meetings were conducted by the Company on November 28, 2014 and January 9, 2015. Details of resolutions voted on by the shareholders at the November 28, 2014 meeting are set out in Note 24(d) to the Financial Statements. In addition to the details set out in Note 24(d), the shareholders of the Company passed the ordinary resolution considering the erosion of the net worth of the Company as per section 23 of the SICA, and the special resolution approving the trademark license agreement dated June 29, 2013 between the Company and united Breweries (Holdings) Limited. As stated in the above table, at the January 9, 2015 meeting, the shareholders of the Company approved the special resolution under section 188 of the Act, in relation to entering into distribution agreement, license for manufacture and sale agreements and cost sharing agreement with certain Diageo subsidiaries.

11. Disclosures

11.1 The related party transactions entered into by the Company during the financial year ended March 31, 2015, have been disclosed in the Notes to Accounts.

11.2 During the financial year ended March 31, 2015, the Company has complied with the statutory requirements comprised in the Listing Agreements/ Regulations/ Guidelines/ Rules of the Stock Exchanges/ SEBI/ other statutory authorities, except for delay in filing quarterly financial statements for the quarter and year ended March 31, 2014 and for the quarter ended June 30, 2014 and for which the Company paid a fine as per Listing Agreement for such delay and, there were no other instances of non-compliance by the Company during such financial year, nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any other statutory authority since incorporation of the Company on any matter related to capital markets. As noted in the Board's report, subsequent to the end of the said financial year, there has been a delay in convening the 16th AGM of the Company. Please also refer to Secretarial Audit Report and Management's response as stated in the Directors Report.

11.3 The internal Inquiry into certain audit qualifications referred to in the Board's report indicated potential non-compliances in prior financial years, but no determination of non-compliance has been made in this regard. Furthermore, as stated in the Notes to Accounts and the Board's report details on the potential non-compliances have been reported to the relevant authorities.

11.4 Code of Conduct

a. Your Company believes that good governance practised within the Company fosters the confidence and trust of all stakeholders. Your Company has a Compliance & Ethics team, which guides the employees on matters of compliance. Your Company is committed to conducting its business in an ethical manner.

b. As stated in the Board's report, your Company has a well-established vigil mechanism in place, which is managed by the Compliance & Ethics team. iSpeak is a confidential service available to employees to make a report when they believe there to be a breach of the Code, policies or applicable law. iSpeak is managed by an external company, independent from the Company, with staff who are trained to deal with the call, and translators who are immediately available to assist if required. Access to the Chairman of the Audit Committee is made available in exceptional cases, as required under the Act and the Listing Agreement. All complaints are investigated by the Compliance and Ethics team and appropriate action taken in accordance with your Company's policies.

c. In compliance with clause 49 of the Listing Agreement with the Stock Exchanges, the Company has adopted a Code of Business Conduct and Ethics (Code) for its Board Members and Senior Management Personnel, a copy of which is available at the Company's website, www.unitedspirits.in. All Board members and senior management personnel have affirmed compliance with the Code for the year ended March 31, 2015 and a declaration to this effect, signed by the MD & CEO, forms part of this report. Pursuant to the requirements of the Listing Agreement, it is affirmed that no person who has sought access to the Audit Committee has been denied such access.

d. Pursuant to the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a Code of Conduct for Prevention of Insider Trading, applicable to all Directors and designated employees of the Company.

e. The Company has complied with all mandatory requirements of clause 49 of the Listing Agreement and has also adopted the non-mandatory requirements of clause 49, to the extent shown in the subsequent sections of this Corporate Governance Report.

12. Means of Communication

12.1 The quarterly results are sent to all the Stock Exchanges where the shares of the Company are listed. The results are normally published in "Business Standard" (English Daily) and "Kannada Prabha" (Kannada Daily). The results are displayed on the Company's Website www.unitedspirits.in. Press Releases are also issued, which are also displayed on the Company's website. In addition presentations made to analysts or investors are also made available on the Company's website.

12.2 The required disclosures to the extent applicable including results were also sent to the Stock Exchanges.

12.3 The Company has designated an exclusive email address, i.e., uslinvestor@unitedspirits.in to enable investors to post their grievances and monitor redress.

13. Management Discussion and Analysis Report

The Management Discussion & Analysis Report is appended to, and forms an integral part of, the Directors Report.

14. General Shareholder Information

a)	Corporate Identification Number	L01551KA1999PLC024991
b)	AGM Date, Time and Venue	November 24, 2015 at 2.30 p.m. at Level 1, UB Tower, #24, Vittal Mallya Road, Bangalore – 560 001
c)	Financial Year	April 1 to March 31
	Tentative Board meeting calendar	
	First Quarterly Results (fy 2015-16)	July 23, 2015
	Second Quarterly Results	November 2, 2015
	Third Quarterly Results	By January 31, 2016
	Audited yearly Financial Results	By May 30, 2016
	In addition, Board may also meet on other dates for transacting other urgent business or due to any specific requirements	
d)	Date of Book closure	November 16, 2015 to November 24, 2015 (both days inclusive).
e)	Dividend payment date	NA
f)	Listing on Stock Exchanges	The shares of the Company are listed on the following Stock Exchanges: 1. BSE Limited (BSE) 2. National Stock Exchange of India Limited (NSE) In addition, the Global Depository Shares (GDS) are listed in Luxembourg Stock Exchange
The listing fees for the years 2014-15 and 2015-16 have been paid to all the Stock Exchanges.		
g)	Stock Code	
	BSE	Demat 532432 Physical 32432
	NSE	SYMBOL - McDOWELL-N
h)	ISIN No.	INE854D01016
i)	Market price data	(As per Annexure A)
j)	Stock performance in comparison to BSE Sensex	(As per Annexure B)
k)	Registrar and Transfer Agents	Integrated Enterprises (India) Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 Tel. Nos. (080) 2346 0815-818 Fax No. (080) 2346 0819 Email: bglsta@intergratedindia.in
l)	Share Transfer System	The power to consider and approve share transfers/ transmission/ transposition/ consolidation/ subdivision, etc., has been delegated to a Committee of Directors as indicated in the section captioned Shareholders'/ Investors' Grievance Committee. The requirements under the Listing Agreement/ statutory regulations in this regard are being followed.
m)	Distribution of Shareholding	As per Annexure C

n)	Dematerialisation of shares (as on March 31, 2015)	<table><tr><th>Depositories</th><th>Shares</th><th>%</th></tr><tr><td>NSDL</td><td>136,491,138</td><td>93.91</td></tr><tr><td>CDSL</td><td>6,874,056</td><td>4.73</td></tr><tr><td>**Total**</td><td>**143,365,194**</td><td>**98.64**</td></tr></table>
o)	Outstanding GDRs/ ADRs/ Warrants or any other Convertible instruments	1,431,494 Global Depository Shares (GDSs) representing 715,747 Equity Shares of ₹ 10/- each as on March 31, 2015 (Two GDSs representing One equity share of ₹ 10/- each)
p)	Plant Locations	1. Alwar (Rajasthan) 2. Asansol (West Bengal) 3. Aurangabad (Maharashtra) 4. Baddi (Himachal Pradesh) 5. Baramati (Maharashtra) 6. Bhadrakali (West Bengal) 7. Bhopal - I (Madhya Pradesh) 8. Bhopal - II (Madhya Pradesh) 9. Cherthala (Kerala) 10. Gopalpur - on - sea (Orissa) 11. Hathidah (Bihar) 12. Hospet (Karnataka) 13. Hyderabad I (Telangana) 14. Hyderabad II (Telangana) 15. Kumbalgodu (Karnataka) 16. Meerut (Uttar Pradesh) 17. Nasik-I (Maharashtra) 18. Nasik-II (Maharashtra) 19. Palakkad (Kerala) 20. Palwal (Haryana) 21. Pathankot (Punjab) 22. Ponda (Goa) 23. Puducherry (Puducherry) 24. Rosa (Uttar Pradesh) 25. Serampore (West Bengal) 26. Udaipur (Rajasthan) 27. Zuari Nagar (Goa)
q)	Address for correspondence	Shareholder correspondence should be addressed to the Company's Registrars and Transfer Agents: Integrated Enterprises (India) Limited 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003. Tel. Nos. (080) 2346 0815-818, Fax No.(080) 2346 0819 Email: bglsta@intergratedindia.in Investors may also write or contact Mr. V. Ramachandran, Company Secretary, or Mr. B.L. Akshara, Deputy General Manager – Secretarial, at the Registered Office of the Company at UB Tower, #24, Vittal Mallya Road, Bangalore 560 001 Tel. Nos. (080) 3985 6500 / 2221 0705, Fax No. (080) 3985 6862
r)	Email for investor grievances	In compliance with the provisions of clause 47(f) of the Listing Agreement, an exclusive email address, uslinvestor@unitedspirits.in has been designated for registering Investor complaints, which is available on the Company's website www.unitedspirits.in

14.1 Pursuant to clause 5A of the Listing Agreement, an Unclaimed Suspense Account was opened with Stock Holding Corporation of India Limited on February 14, 2013 and the unclaimed shares, as mentioned below, were transferred to the Demat account titled "United Spirits Limited Unclaimed Suspense Account" after the Company's Registrars & Transfer Agents sent three reminders to all the shareholders whose share certificates were returned undelivered and remained unclaimed. During the year, your Company also commenced release of shares from the said suspense account upon receipt of requests from the shareholders and after checking veracity of such shareholder's claims. The details of such release of shares are given below.

Particulars	No. of shareholders	No. of equity shares held
Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on April 01, 2014	5,626	5,44,305
Number of shareholders who approached issuer for transfer of shares from Unclaimed Suspense Account during the year	69	25,009
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	69	25,009
Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying at the end of the year	5,557	5,19,296

14.2 Voting rights on the above unclaimed shares shall remain frozen until the rightful owner claims the shares.

15. Non Mandatory Requirements

15.1 Chairman of the Board

The Company maintains the Chairman's office at Company's expenses and also reimburses the expenses incurred in performance of his duties.

15.2 Shareholder Rights

The Company's quarterly results are published in English and Kannada Newspapers. Hence, the same are not sent to the shareholders. The results are uploaded on the Company's website www.unitedspirits.in.

15.3 Audit qualifications

There are certain qualifications in the Audit Report of the Statutory Auditors for the year ended March 31, 2015, and the Board's report responds to these qualifications. The Company is making all efforts to move towards unqualified financial statements.

15.4 Separate posts of Chairman and CEO

The Company has appointed separate persons to the posts of Chairman and of MD & CEO.

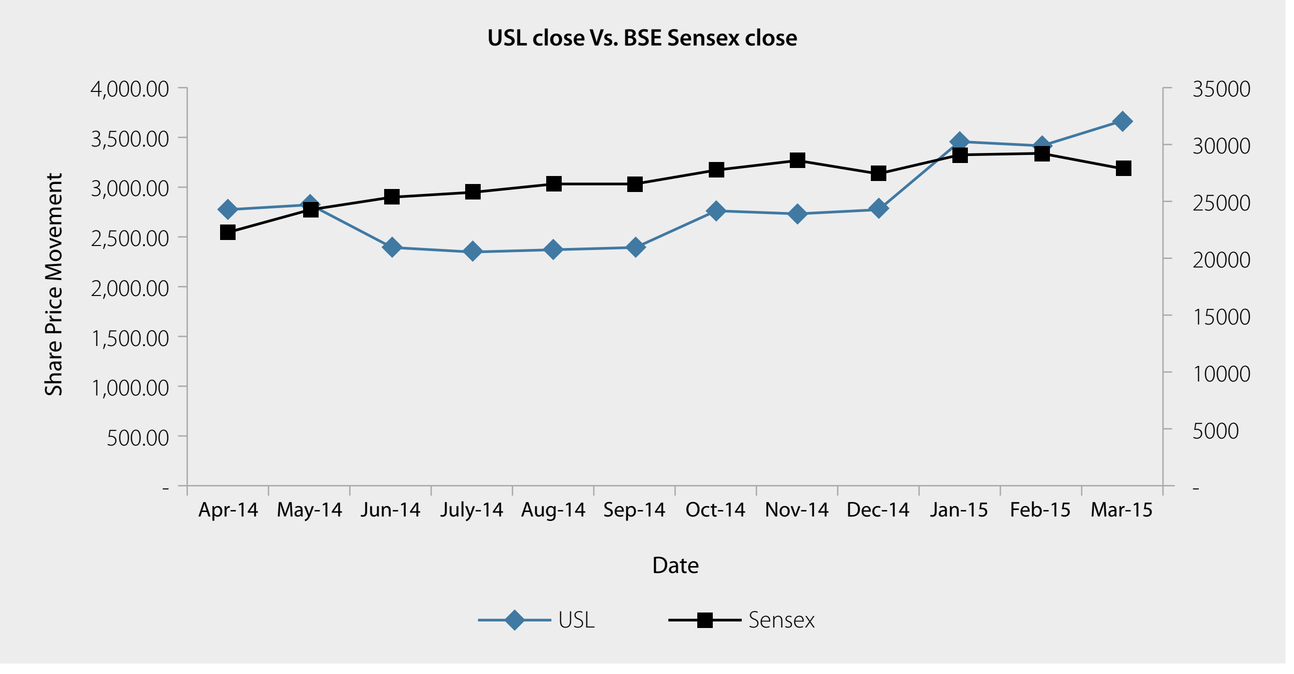
15.5 Reporting of Internal Auditor

The internal auditor reports regularly to the Audit Committee.

ANNEXURE A: MARKET PRICE DATA

United Spirits Limited - Monthly BSE					United Spirits Limited - Monthly NSE				
Month	High Price (₹)	Low Price (₹)	Close Price (₹)	Volume	Month	High Price (₹)	Low Price (₹)	Close Price (₹)	Volume
Apr-14	2940.55	2537.35	2770.25	1318761	Apr-14	2940.80	2533.20	2768.50	12162876
May-14	2874	2592.50	2822.20	3911499	May-14	2874	2592	2818.10	21899853
Jun-14	2876	2381.40	2394.95	4184135	Jun-14	2875	2380.65	2396.05	28430851
Jul-14	2528.75	2255.40	2356.05	2673146	Jul-14	2535.35	2253.90	2355.90	19388736
Aug-14	2467.95	2281.85	2398.85	1168801	Aug-14	2470	2280.10	2398.05	12496958
Sep-14	2445.80	2226	2401.25	1035786	Sep-14	2448	2225	2402.80	10405655
Oct-14	2771.45	2264.20	2761.75	602920	Oct-14	2770	2260.30	2763.85	5692203
Nov-14	2792	2526.05	2732.90	399091	Nov-14	2794	2525.60	2735.55	3342777
Dec-14	2944	2501	2782	551652	Dec-14	2945	2655	2783.65	4728446
Jan-15	3587.35	2755.05	3455	1053503	Jan-15	3585.95	2752.75	3451.35	9290691
Feb-15	3525.45	3191	3416.20	628331	Feb-15	3525	3190.85	3420.15	4884512
Mar-15	4080	3414.25	3660.75	3170861	Mar-15	4082	3414.10	3657.30	6570178

ANNEXURE B: UNITED SPIRITS LIMITED, SHARE PRICES COMPARED TO BSE SENSEX



ANNEXURE C: DISTRIBUTION OF HOLDINGS (as on March 31, 2015)

Value Wise								Category Wise		
Shareholding of nominal value			Shareholders		Share Amount			Category	No. of Shares	% of Equity Capital
₹			Number	% to Total	₹	% to Total				
Up to	-	5,000	75,380	96.67	50,232,350	3.46		Promoter Group	85,561,679	58.87
5,001	-	10,000	1,120	1.44	8,440,210	0.58		Resident Body Corporate (including clearing members)	7,111,431	4.89
10,001	-	20,000	531	0.68	7,660,660	0.53				
20,001	-	30,000	190	0.24	4,783,410	0.33		Banks / FI / FII / MF /UTI / Trust / Central/ State Government & Insurance Companies	41,097,256	28.28
30,001	-	40,000	104	0.13	3,667,100	0.25				
40,001	-	50,000	84	0.11	3,881,730	0.27		NRI / OCB / FCB / Foreign Nationals	1,175,882	0.81
50,001	-	1,00,000	181	0.23	12,989,000	0.89		GDS	715,747	0.49
100,001 and above			389	0.50	1,361,622,970	93.69		Resident Individuals	9,665,748	6.66
Total			**77,979**	**100**	**1,453,277,430**	**100**		**Total**	**145,327,743**	**100**

CERTIFICATE ON CORPORATE GOVERNANCE

The Members of,
United Spirits Limited
Bangalore

We have examined the compliance of conditions of Corporate Governance by United Spirits Limited, for the year ended on March 31, 2015 as stipulated in Clause 49 of the Listing Agreement, as amended, of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except that *as required under Clause 49 II of the listing agreement, the Company did not have the requisite number of independent directors on its board with effect from October 1, 2014 till the appointment of a independent director was made on April 1, 2015 and as required under this Clause, the vacancy of independent directors was not filled at the next board meeting or three months from the date of vacancy whichever is later.*

We state that in respect of investor grievances received during the year ended on March 31, 2015, no grievances are pending against the Company as per the records maintained by the company and presented to the Shareholders'/Investors' Grievance Committee (Stakeholders Relationship Committee).

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sudhir V Hulyalkar
Company Secretary (in practice)
FCS 6040 CP 6137

Bangalore
September 23, 2015

Note : Board's response to the above observation has been provided in para 2A(3) of the report of the Directors.

CEO/CFO CERTIFICATE

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
   1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee:
   1. Significant changes in internal control over financial reporting during the year;
   2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Bangalore	**Vinod Rao**	**Anand Kripalu**
May 26, 2015	Head of Finance	Managing Director and Chief Executive Officer

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirement of Clause 49 of the Listing Agreement, Code of Conduct of the Company has been displayed at the Company's website www.unitedspirits.in. All the members of the Board and the senior management personnel had affirmed compliance with the Code for the year March 31, 2015.

Bangalore	**Anand Kripalu**
September 23, 2015	Managing Director and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Overview

India has a young population, with a median age of 25 years. 50% of the 1.2 billion population are under 25 years of age. 65% are below the age of 35. A favourable demographic dividend with an increase of 270 million in the working age population by 2030 is good news for the alco-bev industry. The Indian Total Beverage Alcohol (TBA) market has a total net sales value (NSV) pool of approximately ₹ 38,245 Crores. Of this, western-style spirits account for over 55%, and within this Indian made "foreign liquor" (IMFL) accounts for 92%, or over 50% of the TBA NSV pool, with the balance primarily in beer and country liquor.

2. Segment-Wise and Product-Wise Performance

2.1 The spirits category is classified into four broad price segments: Luxury, Premium, Prestige and Popular. The market is projected to accelerate in the mid- to long-term, fuelled by key structural drivers such as positive macroeconomic growth outlook (GDP growth forecast at 6-8% for mid-term) and favourable demographics.

2.2 The Indian branded alcoholic spirits industry, at around 312 million cases (each case equal to 9 bulk litres), was only marginally up from the 307 million cases of the previous fiscal. The Indian spirits market, which witnessed double-digit volume growth for several years, has seen a pare back in growth to low single digits in the last two fiscal years (2013-2014 and 2014-2015) with performance in the reported year virtually flat with less than 1% growth. Higher consumer prices, following increases in duties and taxes, always impacts consumer demand of discretionary goods, and alcoholic spirits have been no exception. According to IWSR 2014 (a leading alco-bev industry monitor), the top 100 global alcoholic spirits brands grew 1.06% by volume and 4.66% in terms of value. The overall whisky category in India grew by 4%, for the period 2014-2015. It is projected to grow from 175 million cases in 2013 to 270 million cases in 2023.

3. Regulatory Environment

3.1 Alcohol continues to be one of the most regulated sectors of industry. The Indian alcoholic spirits market is highly regulated by the States within whose purview the Indian Constitution places this industry. The multiplicity of State regulation creates a complex tax and licensing environment that limits economies of scale and reduces the ability of new manufacturers and new products to achieve national distribution and gain competitive advantage.

3.2 Inter-state taxes effectively prohibit the free transit of goods across the country, eliminating scale economies. Licensed retail availability is very low, with one outlet per 18,000 people.

3.3 The Indian government is moving towards a simplification of taxes, which should reduce bureaucracy and costs for many industries. It plans to introduce a Goods and Services Tax (GST) to replace a range of existing indirect taxes. The GST has been touted as the panacea for resolving the situation created by the host of taxes currently levied by Central and State Governments. Such a dramatic change in the taxation scenario would help to provide a national common market for goods and services, spur economic growth by removing the cascading effect of taxes, while at the same time providing for increased compliance and better administration. Unfortunately, it looks increasingly likely that alcohol will be excluded from the scope of GST. Experts on GST believe that the States would stand to gain around ₹ 10,000 Crores by applying GST at 10 per cent to alcoholic beverages. There would be an additional gain in State revenues through better control of undeclared movement of alcohol. A GST audit trail will provide greater exposure of unreported activities, which could otherwise pose significant public health concerns. Several representations have been made to the government, who unfortunately have not included it in the draft of the proposed GST law.

4. Business Analysis

4.1 Inflationary pressures have affected nearly every aspect of costs borne by the alco-bev sector. Extra neutral alcohol (ENA) accounts for about 40% of the total cost of goods sold. The recent introduction of the government mandated Ethanol Blending Program for fuel manufacturers has, however, introduced an alternative market, and the supply and demand dynamics for alcohol used in production of ENA or ethanol has completely changed. Procured prices of ENA have steadily gone up in the recent past. OMC price for Ethanol that was ₹ 27/BL ex-works in 2010 has been increased to ₹ 49/BL delivered price as per the Cabinet Committee of Economic Affairs decision on December 10, 2014. In 2015, the Government has removed excise duty from Ethanol, increasing realizations to the distillery by ₹ 4-5, or 10%. A commensurate increase in ENA prices to ensure parity is expected by early 2016. As per the Office of the Economic Adviser, the whole-sale price inflation of alcohol has increased by 5% compound annual growth rate (CAGR), over the past 5 years.

4.2 The depreciation of the Indian rupee by over 30% in the past two years is also impacting the cost of import-based materials, including major components such as glass, PET, tetra packs, blending materials (scotch, rum, brandy) and closures.

4.3 Historically, headline price increases have only partially offset rising input costs reflected in the pressure on gross margins, and if unchecked this gap is likely to continue to widen.

4.4 Expenses on account of labour, employee costs, contracting charges as well as manufacturing expenses have increased over the recent past, given inflationary pressures. In previous years, USL has focused on volume and top line growth which has resulted in rapid growth with revenues tripling over the past 7 years. Despite this, the recent financial performance has been mixed with the Prestige and above segment gross margins under pressure, driven by a combination of rising input cost inflation, price repositioning on key Prestige brands and restricted pricing freedoms. This has been mitigated by improvement in mix, and total reported gross margins have been steady in the year.

4.5 The overall shape of the P&L reflects our growth oriented strategy, with upfront investments in our brands and organization. The increase in advertising & sales promotion expenditure will, however, drive an acceleration in growth in our Prestige and Above portfolio leading to higher top-line NSV growth over volume growth.

4.6 In FY15 , your Company achieved a sales volume of over 117.1 million cases against 120.7 million cases in the previous year. Sales of brands in the Prestige and Above segment grew 8% in FY15 and stood at 35 million cases (previous year 33 million). Imputed turnover, i.e., the price at which the Company's brands were billed from its manufacturing facilities (owned/leased/contracted) and its warehouses, stood at ₹ 9,873 Crores net of duties and taxes, (previous year ₹ 9,799 Crores), a rise of 1%. Imputed turnover of the Company's brands in the Prestige and Above category during the year was ₹ 4,620 Crores, up by 9% from the ₹ 4,257 Crores recorded in FY 2013-14.

5. Marketing

5.1 McDowell's No.1 whisky is India's largest alcoholic spirits brand in both volume and value terms, with sales in excess of 24.3 million cases (last year 22.4 million cases, i.e., +8% growth) that retailed at US$ 1.52 billion as per the data for calendar year 2014 compiled by IWSR. Three of the six fastest growing brands during calendar year 2014 are from the USL stable – i.e., Hayward's Whisky, McDowell's No. 1 Whisky, and Royal Challenge. Sales of McDowell's No.1 Celebration Rum continues its leadership position as the world's largest dark rum brand. The McDowell's No.1 franchise, with a presence across three flavours - whisky, brandy and rum, continued its momentum during the year, selling over 52 million cases.

5.2 USL ended the year with 18 'Millionaire' brands – brands that sell over a million cases in a fiscal year.

5.3 Royal Challenge Whisky has been re-launched with new packaging, a new liquid and new communication. This re-launch met with considerable success in terms of both volumes and value – the brand has grown 36% in the last year and has resulted in a win-win for both the consumers and for USL (volumes per IWSR 2014). This is in line with the strategy that USL has been pursuing for a while – repositioning its brands across the value chain in its constant endeavour to reach new consumers across new price points, and retain existing consumers within its portfolio, as consumers move up or down the price ladder on any occasion or for any reason.

6. Risks & Concerns, Opportunities & Threats

6.1 Risks & Concerns

Most states impose a maximum price that every brand/ package combination can be sold at. This can move up, but there is no automatic mechanism for it to do so. It requires companies to engage with State governments. The GST will also most likely increase raw material costs, and with most States imposing a maximum retail price, margins, which have declined over the last eight years despite volume growth, are likely to be squeezed.

If the industry is expected to sustain and continue contributing to the State exchequer, it is imperative that realizations by the industry are increased in lock-step to inflationary costs. Permitting alco-bev companies to freely price their products is therefore critical to the long-term sustainability of the alco-bev business and of excise revenues generated by the sale of such products.

As discussed in the preceding section on the regulatory environment, it looks increasingly likely that alcohol will be excluded from the scope of GST and despite several representations made to the government by the industry, alcoholic beverages have not been included in the Constitutional Amendment Bill on GST.

Alcohol has also been brought under the purview of the Food Safety and Standards Authority of India (FSSAI), leading to multiplicity of regulators.

The alcohol industry has been engaging with the government, presenting logical perspectives, international best practices, etc., and we are seeing some green shoots where the government is prepared to give the industry a fair hearing.

6.2 Opportunities

The consumer landscape in India has traditionally been described as a classic "pyramid", with a large number of households with low incomes forming the base, and a small number of households with large incomes at the pinnacle. With growth being fuelled by both, the economic development and the demographic dividend, India has seen this classic pyramid morph into a diamond shape with the emergence of a rapidly growing "middle class" and the consumer landscape segmenting into three distinct groups – Affluent, Middle and Aspiring - each with distinct consumption drivers and needs

This shifting shape of the consumer landscape and associated changes in consumer preferences, attitudes and behaviours, will not only drive an overall expansion in TBA volumes, but will also drive a shift in the shape of the TBA pool, with growth in higher margin more premium products projected to exceed that of lower margin "popular" brands, resulting in an overall "premiumisation" of India's TBA, and overall value growth ahead of volume growth.

A large and growing spirits market offers significant potential for future growth in this attractive market.

Alcohol penetration in India is 42% and for whisky, the penetration is around 23% - which gives your Company good headroom to grow.

Due to existing tax structures, impacting cost per alcohol ml, the spirits market is larger than beer (53% to 47%) – unlike any other global market.

India has low per capita alcohol consumption at 3.6 litres and per capita hard spirits (non-beer alco-bev) consumption is 2 litres for India; implying scope for growth.

Within whisky – the higher price tiers are growing the fastest. The Premium segment looks the most promising followed by Prestige and Luxury – showing CAGR (2011 – 2016) of approximately 18%, 15% and 10% respectively; Popular is slowing, exhibiting a CAGR (2011 – 2016) of – 4 %. This ties in well with our "premiumisation" approach and makes us better poised to leverage our full USL and Diageo brand portfolios.

7. Outlook

7.1 India's per capita spirits consumption is a fraction of the global average. India's per capita income has continuously risen through the last few years of the economic slowdown. It grew 38% to ₹ 88,533 in the four years leading to 2014-15, tipping past the psychological barrier of US$ 1,000 a few years ago, following which it is believed that consumption patterns begin to evolve from subsistence to conspicuous. The Indian middle-class is expected to grow significantly over the next five years to touch a size of 200 million by the year 2020. It is estimated that middle class households will account for close to 60% of the total national consumption by the year 2025, from 15-20% currently, with an increasing consumption of Premium and Prestige spirits. Besides, this increase in disposable incomes and transformation in lifestyles comes with the third most critical feature for our business – a gradual replacement of social taboos related to the consumption of spirits. This is reflected in the numbers: per capita spirits consumption in India increased from 1.6 litres in 2003-2005 to 2.2 litres in 2010-2012.

7.2 The Indian beverages market has a market size of close to £5.3 billion and is expected to grow at 8-10% CAGR over the next five years. Growth is expected to be led by the higher priced IMFL premium whiskey and premium scotch that are set to see sharp growth at 14% and 28% CAGR respectively. The coming together of all these factors will drive the Indian spirits industry, which has for long under-performed global consumption rates, and is now set to outperform global spirits consumption growth in the luxury and prestige categories.

8. Internal Control Systems

After considering the materials placed before the Board and after reviewing the confirmation from external parties and reviewing the effectiveness of the policies and procedures adopted by the Company for ensuring orderly and efficient conduct of its business, including adherence to the Company's policy, safeguarding its assets, prevention and detection of fraud and errors and completeness of accounting records and timely preparation of financial statements, the Board of Directors confirm that the Company has laid down internal financial controls, commensurate with size of the Company and that such internal financial controls are broadly adequate and are operating effectively.

9. Management and Board

During the year, Relay BV, an indirect wholly owned subsidiary of Diageo plc has further acquired 26% of the equity capital of the Company through an open offer to the then existing shareholders of the Company. With this, Relay BV now holds 54.78% of the equity capital in USL, and thus your Company is a direct subsidiary of Relay BV and an indirect subsidiary of Diageo plc. Details on the changes in the Board and senior management are provided in the Corporate Governance Report.

10. Human Resources

USL's human capital now stands at around 6,800 employees including permanent factory workmen. We are pleased to report that there was harmony in our industrial workforce relations during the fiscal year and there was no stoppage of production at all on account of industrial unrest.

11. Forward Looking Statements

This Report contains forward-looking statements that involve risks and uncertainties. Your Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

By Authority of the Board

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director and
Chief Executive Officer

Bangalore
September 23, 2015

Annexure 1: Details of Subsidiaries, Associates and Joint Ventures

Form AOC 1

(Pursuant to the provisions of section 129(3) of the Act, read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part A: Subsidiaries

	Name of the subsidiary	Financial year ended	Currency	Closing exch rate	Average exch rate	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend	% of shareholding	Country
1	Asian Opportunities & Investments Limited (AOIL)	31/03/2015	USD	62.50	61.15	312.42	-571.09	1840.38	2099.05	1699.25	0.00	384.00	0.00	384.00	0.00	100	Mauritius
2	United Spirits Nepal Private Limited	31/03/2015	NPR	0.62	0.62	5.09	40.75	271.00	225.16	0.00	648.02	35.90	21.59	14.31	17.82	82	Nepal
3	SW Finance Co Ltd (Formerly known as " Shaw Wallace Breweries Limited") (SWFCL)	31/03/2015	INR	1.00	1.00	1526.15	657.03	4997.28	2814.11	41.14	11.66	-109.17	2.96	-112.14	0.00	100	India
4	Palmer Investment Group Limited (PIG)	31/03/2015	USD	62.50	61.15	937.50	3717.75	4669.75	14.50	0.00	0.00	0.55	0.00	0.55	0.00	100	British Virgin Islands
5	Tern Distilleries Private Limited (Tern)	31/03/2015	INR	1.00	1.00	40.00	-503.00	436.77	899.77	0.00	189.77	-228.81	0.00	-228.81	0.00	100	India
6	Shaw Wallace Overseas Limited (SWOL)	31/03/2015	GBP	92.50	98.56	33.02	-13.78	20.63	1.39	0.00	0.00	0.69	0.00	0.69	0.00	100	U.K.
7	UB Sports Management Overseas Limited (Formerly known as JIHL Nominees Limited(JIHL)	31/03/2015	USD	62.50	61.15	0.00	15.19	15.50	0.31	0.00	0.00	-0.31	0.00	-0.31	0.00	100	Jersey Islands
8	Montrose International S.A (MI)	31/03/2015	USD	62.50	61.15	31.25	1.88	33.75	0.63	0.00	0.00	-1.83	0.00	-1.83	0.00	100	Panama
9	USL Holdings Limited (UHL)	31/03/2015	USD	62.50	61.15	31.25	-52822.13	2089.19	54880.06	0.00	0.00	-2067.56	0.00	-2067.56	0.00	100	British Virgin Islands
10	USL Holdings (UK) Limited (UHUKL)	31/03/2015	GBP	92.50	98.56	0.00	-52614.28	1583.69	54197.97	0.00	77.76	-8547.62	0.00	-8547.62	0.00	100	U.K.
11	United Spirits (UK) Limited (USUKL)	31/03/2015	GBP	92.50	98.56	0.00	-24221.68	1128.22	25349.90	0.00	0.00	-1324.84	0.00	-1324.84	0.00	100	U.K.
12	United Spirits (Great Britain) Limited (USGBL)	31/03/2015	GBP	92.50	98.56	0.00	-24202.26	1094.28	25296.53	0.00	0.00	-818.34	0.00	-818.34	0.00	100	U.K.
13	Four Seasons Wines Limited (FSWL)	31/03/2015	INR	1.00	1.00	662.81	-766.00	687.82	791.01	0.00	124.65	-266.35	0.00	-266.35	0.00	100	India

	Name of the subsidiary	Financial year ended	Currency	Closing exch rate	Average exch rate	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend	% of shareholding	Country
14	McDowell & Co. (Scotland) Limited (MSL)	31/03/2015	GBP	92.50	98.56	145.69	-386.00	748.14	988.46	747.68	0.00	-210.92	0.00	-210.92	0.00	1.00	Scotland
15	Bouvet Ladubay S.A.S (BL)	31/03/2015	EUR	67.20	77.46	725.76	544.32	2206.58	936.50	0.27	1672.28	114.64	35.40	79.24	0.00	1.00	France
16	Chapin Landias S.A.S (CL)	31/03/2015	EUR	67.20	77.46	0.67	0.44	27.62	26.51	0.00	279.79	0.22	0.07	0.15	0.00	1.00	France
17	Royal Challengers Sports Private Limited	31/03/2015	INR	1.00	1.00	0.15	87.26	4817.80	4730.40	0.00	935.34	-343.16	-42.56	-300.60	0.00	1.00	India
18	Liquidity Inc.	31/03/2015	USD	62.50	61.15	0.00	-216.25	18.25	234.50	0.00	0.00	66.83	0.00	66.83	0.00	0.51	USA
19	United Spirits (Shanghai) Trading Company Limited	31/03/2015	RMB	10.30	10.20	51.00	-61.20	7.63	17.83	0.00	0.00	-1.59	0.00	-1.59	0.00	1.00	China
20	Sovereign Distilleries Limited	31/03/2015	INR	1.00	1.00	584.43	-3757.49	730.60	3903.66	0.00	0.00	-735.90	0.00	-735.90	0.00	1.00	India
21	Pioneer Distilleries Limited*	31/03/2015	INR	1.00	1.00	134.19	-1049.99	3486.93	4402.72	0.00	1508.73	-336.79	-120.34	-216.45	0.00	0.75	India
22	United Spirits Singapore Trading Pte Ltd (Formerly known as Whyte and Mackay Singapore Pte Ltd)	31/03/2015	USD	62.50	61.15	0.00	-11.38	769.44	780.81	0.00	1585.85	-9.42	0.00	-9.42	0.00	1.00	Singapore

Notes :

Closing exchange rate is applied for share capital, reserves and surplus, total assets, total liabilities and investments.

Average exchange rate is applied for turnover, profit / (loss) before taxation, profit / (loss) after taxation, and proposed dividend.

All amounts are in million ₹.

Names of subsidiaries which are yet to commence operations: Nil.

Names of subsidiaries which have been liquidated or sold during the year: As stated in Note 24(a) to the Financial Statements, consequent to the sale of Whyte and Mackay, Whyte and Mackay Group Limited, and all its subsidiaries ceased to be subsidiaries with effect from October 31, 2014.

Part B: Associates and Joint Ventures

S. No.	Name of Associates/ Joint Ventures	Wine Society of India Pvt Ltd
1	Latest audited Balance Sheet Date	31st March 2014
2	Shares of Associates/ Joint Ventures held by the company on the year end	
	No.	324,812
	Amount of Investment in Associates/Joint Venture	₹ 31,817,712
	Extent of Holding %	33.32
3	Description of how there is significant influence	The share holding in Wine Society of India is more than 20% due to which there is a significant influence
4	Reason why the associate/ joint venture is not consolidated	The investment in associate is accounted as per Accounting Standard 23
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	NIL. The loss in the associates exceeds the carrying value of the investment.
6	Profit/ Loss for the year	
i.	Considered in Consolidation	NIL
ii.	Not Considered in Consolidation	₹ 31,473,260

1. Names of associates or joint ventures which are yet to commence operations : NIL

2. Names of associates or joint ventures which have been liquidated or sold during the year. : NIL

By Authority of the Board

Nicholas Bodo Blazquez
VICE-CHAIRMAN

Anand Kripalu
Managing Director and Chief Executive Officer

Mahendrakumar Sharma
Director

Vinod Rao
Head Of Finance

V. Ramachandran
Company Secretary

Bangalore
September 23, 2015

Annexure 2: Policy on Directors / Senior Appointments

1. Scope and Key Terms

1.1 This Policy on Senior Appointments sets out the criteria for senior appointments in the Company, i.e., of directors, key managerial personnel (KMP) and senior management personnel (SMP) of the Company, as required by the provisions of the Companies Act, 2013 (Act) and the Listing Agreement.

1.2 The nomination and remuneration committee (NRC) reserves the right to review this Policy on Senior Appointments from time to time and make suitable modifications, subject to approval of the Board. This Policy on Senior Appointment shall be subject to the provisions of the Act and the rules made thereunder, the Listing Agreement and other applicable law, and the provisions of the Company's articles of association.

1.3 For the Purposes of this Policy, the term KMP shall have the meaning given in the Act and the term Senior Management Personnel (SMP) shall refer to the Members of the Executive Committee.

2. Appointment Criteria

2.1 A person should possess adequate qualifications, expertise and experience for the position to which he or she is being considered for appointment. The NRC has discretion to decide, in the best interests of the Company, whether the qualifications, expertise and experience possessed by a person are sufficient for his or her appointment as a director, KMP or SMP in the Company.

2.2 In addition to the above, the appointment of directors including managing directors, whole time directors, non-executive directors and independent directors shall be in accordance with the provisions of the Act, including schedules IV and V of the Act and the rules made thereunder and the provisions of the Listing Agreement.

2.3 The NRC shall identify (based on the Managing Director's proposals) and ascertain the integrity, qualifications, expertise and experience of persons required for appointment as directors, KMP or SMP in the Company and recommend their appointment to the Board as necessary or applicable from time to time.

3. Term

3.1 The term of appointment of directors, including managing directors, whole time directors and independent directors, and of KMP shall be governed by the provisions of the Act and the rules made thereunder, and clause 49 of the Listing Agreement, and the HR policies of the Company as applicable from time to time.

3.2 The term of appointment of SMP shall be governed by the prevailing HR policies of the Company.

4. Retirement

4.1 Directors, KMP and SMP shall retire as per the applicable provisions of the Act, the Listing Agreement and the prevailing HR policies of the Company.

4.2 The Board may, in the best interests of the Company and in accordance with the Act and Listings Agreement and the prevailing HR Policy of the Company, retain a director or KMP in the same position or otherwise even after the director, or KMP has attained the retirement age. SMP retention in such cases shall be determined by the Company's Managing Director, which shall be informed to the Nomination and Remuneration Committee and the Board and as approved by the Nomination and Remuneration Committee following laid down procedures of the Company

5. Familiarisation of the Independent Directors with the Company

The company shall familiarise the 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, etc., through various programmes.

6. Succession Policy

All appointments stated in this policy shall be subject to the succession policy as may be framed by the Board for orderly succession for appointments of members of the Board and for appointments of senior management personnel.

Remuneration & Reward Policy

Preamble

This remuneration and reward policy (Reward Policy) documents the current remuneration and reward provisions throughout United Spirits Limited (Company). This document sets out the policy which provides a best practice context and framework, a set of principles, and a number of guidelines, all of which will guide the organisation in the finalisation of a coherent and cohesive set of remuneration and reward policies for the Company. Each region may have its own unique set of reward challenges specific to their region and to its own operational requirements, owned and administered by respective Regional HR department. However, all decisions on remuneration and rewards in the Company should conform to the principles and guidelines set out in this Reward Policy.

1. Applicability & Exclusions

a) Applicable from April 1, 2014.

b) All executive employees on the payroll of the Company and its subsidiaries from Grade O02/ S02 and above (including 'key managerial personnel', such as the chief executive officer, chief financial officer, manager and other personnel as defined under the Companies Act, 2013), all secretary cadre of employees on the payroll of the Company and its subsidiaries from the Grade P02 to P06 and all staff cadre employees on the payroll of the Company and its subsidiaries of Grades A, B, C and H or such other grade of employees as may be prescribed from time to time.

c) Managing/ Executive/ Whole Time Director remuneration though governed by the same principles and compensation components as applicable to their grade, remuneration change approval by way of salary, perquisites, benefits etc will be decided in accordance with the provisions of the Companies Act, 2013 and the Listing Agreement by the Nomination and Remuneration Committee

d) In case of remuneration to non-executive directors by way of commission etc, the same shall comply with the applicable provisions of the Companies Act, 2013 and the Listing Agreement.

e) The remuneration to the Managing Committee members and employees directly reporting to the Managing Committee and other employees shall be approved by the Executive Committee/Managing Director in terms of this Reward Policy.

2. Introduction

This Reward Policy includes a number of components, namely:

a) Reward philosophy and strategic objectives;

b) Reward strategy design principles;

c) Pay mix;

d) Fixed & Variable pay;

e) Performance management;

f) Annual performance bonuses & Incentives;

g) Long-term (stock-based) incentives;

h) Recognition & Rewards; and

i) Service contracts and severance arrangements.

Each of these is discussed in more detail as follows.

3. Reward philosophy and strategic objectives

3.1 The Company is committed to a reward philosophy which focuses on rewarding consistent and sustainable employees and performance. The Company's approach towards remuneration aims to ensure that an appropriate balance is achieved between:

a) the interests of shareholders;

b) the interests of the Company;

c) operational and strategic requirements; and

d) providing attractive and appropriate remuneration packages to all employees.

3.2 The remuneration practices of the Company have been structured to be competitive in the rapidly evolving industry in which it operates and to ensure that the Company can attract, motivate, reward and retain high calibre people, with above-average industry ability and the leadership potential to effectively run the Company. Among the primary objectives of the reward strategy are the needs to:

a. reinforce, encourage and promote superior performance;

b. direct employees' energies and activities towards key business goals;

c. achieve the most effective returns (employee productivity) for total employee spend;

d. address diverse employee needs across differing cultures; and

e. Enhance overall the simplicity, transparency and credibility of all employees' remuneration.

4. Reward design principles

The Company's remuneration policies are designed, within the framework of this Reward Policy, to ensure that employees are appropriately rewarded for their contribution to the Company's operating and financial performance in line with its organisation objective; and rewards are aligned with industry and market benchmarks. The remuneration policies conform in all material respects to the best practices being followed in industry and in line with compliance and statutory obligations. The principles that reflect and drive the Company's reward strategy are:

a. Competitive pay levels: the Company is committed to paying remuneration packages that are competitive in the sectors in which it operates;

b. Pay for performance: remuneration practices will reward high-performing employees for the contribution they make to the Company;

c. Cost management: the Company will manage the total cost of employment for all employees;

d. Holistic approach: the Company chooses to adopt an integrated approach to reward strategy, encompassing a balanced design and pay mix that includes all of the following components:

- fixed pay
- performance management
- annual incentive pay rewarding both business performance and individual / team performance
- stock-based incentives for key executives, managers, key talent and scarce skills
- non-financial rewards and recognition

e. Regular revision: the Company recognises that, in its current strategic environment, this reward strategy and each of its components are dynamic and should be revisited regularly to ensure that the Company keeps pace with market practices, and its evolving organisational context and objectives; and

f. Communication: the Company is committed to ensuring that all stakeholders are aware of its reward strategy and policy guidelines.

In the policy that follows, these principles have been utilised to design a set of guidelines for each component of the Company remuneration and reward strategy.

5. Pay mix

Pay mix is defined as the balance targeted between the major components of remuneration, namely:

a. Fixed pay – Cost of employee to Company(CTC)

b. Variable pay – Short Term performance bonus and long-term incentives

The Company has adopted a pay mix policy that supports the philosophy that the performance-based pay of senior employees should form a significant portion of their expected total compensation, and furthermore that, within performance-based pay, an appropriate balance should be targeted between rewarding long-term sustainable performance (through long-term stock option incentives), and rewarding operational performance through such variables. The mix of fixed and variable pay is thus designed to meet the company's operational needs and strategic objectives, based on targets that are stretching, verifiable and relevant.

The pay mix for the rest of the employees will vary in accordance with market benchmarks and operational context. Furthermore, the performance based pay is applicable to all for rewarding operational performance (through Incentive performance bonuses). It should be borne in mind that in practice the pay mix will vary as:

a. Performance bonuses/ incentives may be less than targeted, or greater than targeted should "super" financial performance above that targeted occur.

b. Similarly, the rewards from long-term stock-based incentives will vary from year to year depending on vesting and exercise patterns, and the impact on share price performance.

6. Fixed pay

a) The total employment cost in the Company, of which fixed pay is the major component form a reasonable portion of total operating costs. The Company manages fixed pay levels using Cost to the Company of employees (CTC), which incorporates basic salary, other relevant allowances, retirals, health and wellness benefits. This approach has been adopted to ensure that the cost of the remuneration package paid to employees is controlled by the Company, and does not leave open-ended liabilities.

b) The Company continually checks its total direct compensation package against key competitors and strives to compensate employees in line with market condition to attract and retain right talent across business lines. Such knowledge is acquired through conducting annual benchmark exercises.

7. Variable pay & Incentives

a) The bonuses and incentives are for the retention of top performers and drive performance culture. The Company practises sales incentive schemes, bonus linked to individual and organisation deliverables and rewards the achievements of Company financial performance as well as strategic and personal performance objectives as agreed beforehand. This satisfies itself that the performance criteria utilised are relevant, stretching and designed to take care of stake holders best interest.

b) Furthermore, the Company has recognised that the talent pool of succession ready, key performers incumbents in critical role are critical to business success. Talent retention reward mechanism can be used to nourish these talent pools and the Company can offer retention bonuses to protect business continuity and interests.

8. Long-term incentives

The Company offers stock linked incentive schemes to select senior management to ensure that a portion of the senior management team remuneration is oriented towards organisation performance, thereby aligning their interests with the shareholders. A combination of stock linked incentive scheme and long term stock option plan will allow the Company to remain competitive, reward long term sustainable company performances, act as a retention tool.

9. Performance Management

The Company has a formal framework for performance management that is directly linked to either increases in CTC, or to performance bonuses. The performance management and assessment exercise is practised across organisation as against Balance Score Card and / or Key Performance Indicators

Specific key performance areas and stretched targets for each employees to attain are set by the relevant RPC business head / functional head and the management team BSC need to align with overall organisation objectives.

10. Annual Merit Increases

Annual Merit Increases are determined by the HR in conjunction with the Business President and takes into consideration market related increases, individual performance, Company's performance and other relevant economic indicators. Over all increases will typically reflect the market bench mark increases, with individual increases varying according to an assessment of individual performance / worth. Post the annual merit increase, the revised salary ranges are documented for positioning the new employees through the recruitment process. The current salary ranges are provided in Annexure C and are subject to periodic changes.

11. Off-cycle increases

As part of succession management/ career path process at the Company, if the employees with horizontal or geographical rotational moves within the organisation are not in line with the market positioning, off cycle increases can be effected to ensure competitiveness

12. Market corrections

The annual benchmark exercise will indicate that these positioning of roles with reference to the job market is not competitive, a market correction may be implemented to ensure that company external parity is maintained for those roles across functions and/or grade

13. Grade Structure

The Company has a defined grade structure for its employees and the employees of its subsidiaries and Annexure A provides the details. The bands denote the broad categorization of the grades.

14. Grade related compensation components & benefit plans

The Company's compensation & benefit plans are linked to grades and are included as part of the employee's Cost To Company. Some benefits are mandatory which are regulated by law while others are voluntarily offered to fulfil the need of specific employee population. Benefit plans are typically not provided in cash but form the basis of the employee total compensation and benefit package. Annexure B1 & B2 provides the grade related compensation components and the benefits plan applicable

15. Promotions

Employees who have expanded their job role or have a change of job role as part of succession management can be considered for promotion to the next grade subject to nomination from the manager and seconded by the head of the function/region. Promotions are an annual exercise with exceptions to coincide with business requirement. The Promotion policy guideline provides a detailed process for this exercise

16. Recognition and Rewards

The Company encourages building of a recognition culture as a total reward strategy, spot recognition awards by the immediate manager for going over and above the call of duty; Team Awards which showcases camaraderie and collaboration; Business Head / President Annual Awards will be institutionalized. The company will thrust in investing towards training and development.

17. **Service contracts and severance arrangements**

Employees are subject to the Company's standard terms and conditions of employment and in line with the provisions of applicable law, including the Companies Act, 2013 (if any). As a general guideline, when separating the services of an individual for an operational reason is to pay a severance package which is not less than the minimum prescribed by the law at the relevant time. Furthermore, the Company shall take into consideration organisation reputation risk and talent risk aim to apply the terminal cost scheme, considering the best practices being followed by the industry. This scheme will address both, the retention level of the senior management and key personnel when Company decide to separate the key team member for any reason, whatsoever.

18. **Reward Tools & Communication**

The Company utilizes an integrated reward system for compensation planning which provides managers the flexibility to recommend salary planning within the defined budget allocated and the salary ranges for a given performance rating. The system is online and empowers manager's to make recommendation to ensure high degree of transparency in the process and adherence to principles driving differentiated reward.

19. **Financials**

All components of compensation & benefit plans are designed with the projected costs being budgeted within the annual HR budget.

20. **Remuneration Governance**

The Nomination and Remuneration Committee constituted by the board of directors in accordance with the Companies Act, 2013 and the Listing Agreement, may make any adjustment or change to the Reward Policy.

The annual merit increases, bonuses and the incentives are determined by Human Resources after discussions with the Business President and takes into consideration the market benchmark increases and relevant economic indicators and will be based on the principles laid down in this Reward Policy.

ANNEXURE A

Executive cadre:

Band	USL Grade	Typical Designations
Advanced Leader	UC1	Joint President / President / Executive Director/ Managing Director
	UC2	Deputy President
	UC3	Executive Vice President
Developing Leader	M1A	Senior Vice President
	M01	Divisional Vice President
Emerging Leader	M2A	Assistant Vice President
	M02	Senior General Manager
	M3A	General Manager
	M03	Deputy General Manager
Budding Managers	M04	Senior Manager
	M05	Manager / Area Sales Manager
Individual Contributors	M06	Senior Executive / Area Sales Executive
	O03/ S03	Executive/ Senior Territory Sales Executive
	O02/ S02	Executive / Territory Sales Executive

Secretary Cadre:

Band	USL Grade	Typical Designations
Secretarial Support	P02 – P06	Secretary/ Executive Secretary/ Confidential Secretary

Staff Cadre:

Band	USL Grade	Typical Designations
Staff	A, B, C, H	Assistant, Driver, Office Boy etc

ANNEXURE B1

Grade based compensation components:

Element	Component	UC1	UC2, UC3	M1A, M01, M2A, M02	M3A	M03	M04, P06	M05, M06, P04, P05	O03/ O02 P03/ P02	S03, S02
Fixed Pay	Basic, Personal, Special Allowance	Basic and Personal Allowance applicable to all. Special Allowance only applicable to UC1								
	Company Lease/ HRA	HRA / Company Lease (50% / 60% of Basic)					50% Basic HRA		Fixed HRA	
	Domiciliary Medical	Paid at actuals for self & family				Capped at one month basic per annum				
	Flexi Compensation Package (FCP)	LTA, Food Coupon, Car allowance, Fuel Driver (up to M03), House Maintenance (up to M03)					LTA, Food Coupon, Conveyance Allowance			
Retirals	National Pension Scheme (voluntary)	Optional – 10% of Basic								
	Superannuation	Company contribution mandatory – 15% of Basic								
	Provident Fund, Gratuity	Compliant to law - Provident Fund – 12% of Basic, Gratuity as per policy								
Variable Pay	Sales Incentive Scheme	Applicable to all frontline sales employees								
	Annual Performance Evaluation Plan (PEP)	Based on Individual Performance Rating						Bonus as per Act		
	Contribution Improvement Incentive Scheme (CRIIS)	Based on defined metrics and weightages								
	LTIP	Role based and is applicable to few key senior employees								

ANNEXURE B2

Grade wise Fringe benefits:

Element	UC1, UC2, UC3	M1A, M01,	M2A, M02	M3A, M03	M04	M05, M06	O03, O02	S03, S02
Utilities	Applicable							
Mobile usage (Tools of trade)	Actuals	Actuals	Max INR 2000 pm		Max INR 1000 pm		Max INR 750 pm	
Landline usage	Applicable on actuals							
Club Membership	2 Clubs	1 Club						
Life, Personal Accident Insurances	Applicable							
Medical Insurance	Applicable							

ANNEXURE C

Band	USL Grade	Typical Designations	Current Annual CTC Range (₹ in lakhs)
Advanced Leader	UC1	President / Executive Director/ Managing Director	460 – 1500
	UC2	Deputy President	220 – 450
	UC3	Executive Vice President	188 – 390
Developing Leader	M1A	Senior Vice President	87 – 240
	M01	Divisional Vice President	58 – 130
Emerging Leader	M2A	Assistant Vice President	45 – 110
	M02	Senior General Manager	36 – 80
	M3A	General Manager	26 – 60
	M03	Deputy General Manager	18 – 50
Budding Managers	M04	Senior Manager	10 – 30
	M05	Manager / Area Sales Manager	6 – 20
Individual Contributors	M06	Senior Executive / Area Sales Executive	4 – 15
	O03/ S03	Executive/ Senior Territory Sales Executive	3 – 12
	O02/ S02	Executive / Territory Sales Executive	2.5 – 8

Annexure 3: Related Party Transactions

FORM AOC 2

(Pursuant to section 134(3)(h) of the Act, and rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in section 188(1) of the Act, including certain arms length transactions under the third proviso thereto.

a) Details of Contracts or transactions not at arm's length basis: There were no contracts or arrangements or transactions entered into during the year ended March 31, 2015, which were not at arm's length basis

b) Details of Contracts or transactions at arm's length basis: The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31,2015 are as follows

i. Agreement with Related Parties entered during Previous years

	Name of the related Party	Nature of Contract	Nature of Relationship	Date on which Resolution was passed	Duration of Contract	Salient Terms	Justification	Amount Paid / (Received) as Advance (₹ Million)
1)	United Spirits Nepal Private Limited	Licensing, Technical Know-How and Marketing Assistance agreement	Subsidiary	NA	4th March 2011 to 4th March 2021	Based on Transfer Pricing Guidelines	Royalty and Brand Development Fee payable by United Spirits Nepal Private Limited to United Spirits Limited, being the brand owner	Nil
2)	Diageo India Private Limited	Agency Commission	Promoter/ Promoter Group	31st July 2013	1st Oct 2013 to 30th Sept 2015	Based on Transfer Pricing Guidelines	Agency Commission payable by Diageo India Private Limited to United Spirits Limited for promotional services of Diageo Brands	Nil
3)	United Spirits Singapore Pte Limited	License Agreement	Subsidiary	NA	1st March 2013 to 28th Feb 2015	Based on Transfer Pricing Guidelines	Market Support Services	Nil
4)	United Breweries (Holdings) Limited	Trade Mark License Agreement	Promoter/ Promoter Group	11th Oct 2012	29th June 2013 to 28th June 2023	Based on Transfer Pricing Guidelines	Usage of Pegasus trade mark license owned by United Breweries(Holdings) Limited	2500 (Total value of the contract ₹ 5130 Million)
5)	Whyte and Mackay Limited *	Fresh Filling and Warehousing Agreement	Subsidiary	NA	1st Jan 2011 to 31st Dec 2016	Based on Transfer Pricing Guidelines	Warehouse Rental for Storage of maturing spirits in Glasgow	Nil
6)	Whyte and Mackay Limited *	Blending Charges Agreement	Subsidiary	NA	15th Apr 2014 to 30th June 2017	Based on Transfer Pricing Guidelines	Cask selection and disgorging charges prior to shipment of matured spirits to India from Glasgow	Nil

	Name of the related Party	Nature of Contract	Nature of Relationship	Date on which Resolution was passed	Duration of Contract	Salient Terms	Justification	Amount Paid / (Received) as Advance (₹ Million)
7)	Diageo India Private Limited	Salary Recharge Agreement	Promoter/ Promoter Group	NA	Indefinite - until termination by mutual consent	Based on Transfer Pricing Guidelines	Recharge of Salary Cost of employees in USL roles working for Diageo India Private Limited and vice versa	Nil
8)	McDowell & Co (Scotland) Limited	License to Occupy Agreement	Subsidiary	NA	1st Aug 2013 to 31st July 2014	Based on Transfer Pricing Guidelines	License to Occupy premises at Green of Kellour, Methven, Perth, Scotland	3.6
9)	City Properties Maintenance Company Bangalore Limited	Contract for Services	Promoter/ Promoter Group	NA	1st April 2012 to 31st March 2015	Based on Transfer Pricing Guidelines	For maintenance of office premises and common facilities.	Nil

* Ceased to be subsidiary with effect from 31/10/2014

As per the requirements of the listing agreements entered into by the Company with various stock exchanges, and applicable circulars issued by SEBI (including circular No. CIR/CFD/POLICY CELL/2/2014 dated 17 April 2014 ("April 17 Circular") and circular No. CIR/CFD/POLICY CELL/7/2014 dated 15 September 2014), the Company sought approval of its shareholders for the agreements at the Extraordinary General Meeting ("EGM") held on 28 November 2014 and the same was rejected.

ii) Agreement with Related Parties entered during the year 2014-15

	Name of the related Party	Nature of Contract	Nature of Relationship	Date on which Resolution was passed	Duration of Contract	Salient Terms	Justification	Amount Paid / (Received) as Advance (₹ Million)
1	Diageo Brands BV	Purchase of Bulk Spirits and Cased Goods	Promoter/ Promoter Group	12th Dec 2014	Indefinite period	Based on Transfer Pricing Guidelines	Justifications for the Agreement are stated in the notice for Extraordinary General Meeting held on January 09, 2015. The key advantages are that the Company will be in a position to gain a diverse, global product portfolio, additional sales revenue and improve the standing in the domestic market by virtue of leveraging the Diageo Brands and know how.	Nil

iii) Details of certain historical agreement

As stated in Note 24(d) to the Financial Statements, as per the requirements of the listing agreements entered into by the Company with various stock exchanges, and applicable circulars issued by SEBI (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 ("April 17 Circular") and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), the Company sought approval of its shareholders for certain historical agreements at the extraordinary general meeting ("EGM") held on November 28, 2014, including the following: (a) loan agreement dated July 3, 2013, between the Company and UBHL; (b) agreements dated September 30, 2011 and December 22, 2011 respectively, between the Company and UBHL requiring UBHL to sell to the Company certain immovable properties; (c) services agreement dated July 3, 2013, between the Company and Kingfisher Finvest India Limited; (d) advertising agreement dated October 1, 2013 (which amended and restated the original agreement dated July 3, 2013) between the Company and Watson Limited; (e) sponsorship agreement dated June 11, 2013 between the Company and United Racing & Bloodstock Breeders Limited; (f) sponsorship agreement dated June 11, 2013 between the Company and United Mohun Bagan Football Team Private Limited; (g) aircraft services agreement dated June 11, 2013 between the Company and UB Air Private Limited; (h) properties call agreement dated June 11, 2013 between the Company and PE Data Centre Resources Private Limited; and (i) contribution agreement dated June 11, 2013 between the Company and Vittal Mallya Scientific Research Foundation. As stated in the EGM notice dated October 31, 2014, each of the above-mentioned transactions were duly approved by the board of directors of the Company, prior to entering into the agreement corresponding to such transaction. The EGM notice further stated that while the April 17 Circular mandates that all existing material related party transactions be placed before the shareholders for their approval by way of a special resolution, thus far, the consequences of any non-approval of such existing transactions by the shareholders by the requisite majority is unclear. It is therefore possible that non-approval of one or more of the above-mentioned agreements by the requisite majority may result in the Company being obliged to cease to act upon and potentially put the Company in breach of such agreements, which are the subject of non-approval by the shareholders. This could potentially result in a dispute with the relevant counterparties who may contend that the Company has breached the relevant agreement by failing to act on or fulfil its obligations under the same. Such potential disputes could be protracted and costly, and could result in financial or other liabilities on the Company. Also, any inability on the part of the Company to act on or fulfil its obligations under the unapproved agreements could result in the Company being potentially unable to receive the benefit of the various rights that it is entitled to under such agreements (such as in the case of the agreement noted in (b) above). It was also stated in the EGM Notice that in the absence of sufficient clarity in respect of the provisions dealing with existing material related party contracts and arrangements, the Company was tabling the above-mentioned agreements for the approval of the shareholders by way of abundant caution. It was further stated that the Company was still in the process of seeking confirmations from, and verifying the position in relation to, the counterparties to, inter alia, the above mentioned agreements as to whether or not they are related parties of the Company, and it was not clear whether the counterparties to such agreements are indeed related parties of the Company for the purpose of Clause 49(VII) of the Listing Agreement. However, to the extent it is determined, based on materials available and information provided, that all or any of above mentioned agreements do not qualify as existing material related party contracts or arrangements, or the counterparties to all or any of these agreements do not qualify as related parties of the Company, such that approval of the shareholders of the Company is not required under the April 17 Circular in respect of any of the above mentioned contracts or arrangements then, in that case, it shall follow that there will be no consequences on such contracts or arrangements or on their validity or on any act or omission that may have been committed or omitted pursuant thereto, by reason of the shareholders having approved or not approved any of such contracts or arrangements. At the EGM, the above-mentioned agreements were not approved by the shareholders of the Company by requisite majority. Consequently, the Company has sought clarifications/ directions from SEBI with respect to the implications of the non-approval of the aforesaid agreements by the shareholders of the Company.

Sl No	Name of the related Party	Nature of Contract	Nature of Relationship	Date on which Resolution was passed	Nature of Transaction	Amount Paid / (Received) as Advance (₹ Million)
1)	United Racing and Bloodstock Breeders Limited	Advertisement & sales promotion	Ref Note 24(d)	11th Oct 2012	Advertisement and Sponsorship Services	Nil
2)	United Mohun Bagan Football Team Private Limited	Advertisement & sales promotion	Ref Note 24(d)	11th Oct 2012	Advertisement and Sponsorship Services	Nil
3)	Watson Limited	Advertisement & sales promotion	Ref Note 24(d)	11th Oct 2012	Advertisement and Sponsorship Services	Nil
4)	Vittal Mallya scientific research foundation	Contribution for scientific research	Ref Note 24(d)	11th Oct 2012	Contribution for scientific research	Nil
5)	UB Air Private Limited	Aircraft charges	Ref Note 24(d)	11th Oct 2012	Aircraft Charter Services for Chairman	50.00
6)	PE Data Centre Resources Private Limited	Properties Call Agreement	Ref Note 24(d)	11th Oct 2012	Call agreement for sale of properties to be exercised by 1st March 2017	(281.39)
7)	United Breweries (Holdings) Limited	Loan Agreement	Refer Note 24(d) and Note 26(b)	11th Oct 2012	Agreement for Loan given to United Breweries(Holdings) Limited by United Spirits Limited	13,374.17
8)	**Kingfisher Finvest India Limited	Property Maintenance Agreement	Ref Note 24(d)	11th Oct 2012	Property Maintenance Agreement	Nil

By Authority of the Board

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director and Chief Executive Officer

Mahendrakumar Sharma
Director

Vinod Rao
Head Of Finance

V. Ramachandran
Company Secretary

Bangalore
September 23, 2015

Annexure 4: Secretarial Audit Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2015

[Pursuant to Section 204(1) of the Companies Act,2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
United Spirits Limited
Bangalore

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by United Spirits Limited (CIN:L01551KA1999PLC024991)(hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2015, complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by United Spirits Limited ("the Company") for the financial year ended on March 31, 2015 according to the provisions of:

i. The Companies Act, 2013, (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (No instances for compliance requirements during the year);

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI');

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (No instances for compliance requirements during the year);

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (No instances for compliance requirements during the year);

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (No instances for compliance requirements during the year);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (No instances for compliance requirements during the year); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, (No instances for compliance requirements during the year).

vi. Various State Excise Laws relating to alcohol and related industry;

vii. Legal Metrology Act, 2009 and Rules thereunder;

viii. Food Safety and Standards Act, 2006 and Rules and Regulations made thereunder

ix. The Environment (Protection) Act, 1986 and Rules thereunder;

x. The Water (Prevention & Control Of Pollution) Act, 1974;

xi. The Air (Prevention & Control of Pollution) Act,1981;

xii. The Factories Act, 1948 and Rules thereunder;

xiii. All other Labour, Employee and Industrial Laws to the extent applicable to the Company; and

xiv. I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, as mentioned above wherever applicable subject to the following observations:

5. The Company is required to take the Central Government approval for payment of managerial remuneration in excess of limits prescribed under Section 197 read with Schedule V of the Act, in absence of profits during the year.

6. As required under Clause 41 of the Listing Agreement, the Company has not submitted standalone and consolidated audited financial results for the entire financial year and quarter ended on 31.03.2014 within sixty days of the end of said year and also unaudited financial results for the quarter ended on June 30, 2014, within 45 days of the end of said quarter period.

7. As required under Clause 49 II of the listing agreement, the Company did not have the requisite number of independent directors on its board with effect from October 1, 2014 till the appointment of a independent director was made on April 1, 2015 and as required under this Clause, the vacancy of independent directors was not filled at the next board meeting or three months from the date of vacancy whichever is later.

8. There was a non compliance of Pollution Control Board Order at Companies Unit in Malakajgiri, Andhra Pradesh, as this unit was manufacturing the more number of cases than permitted number of cases.

I further report that

The Board of Directors of the Company is duly constituted with Executive and Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed note on agenda were sent at least seven days in advance, except in one case, where an emergency board meeting was called on June 17, 2014 and which was attended by all independent directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the descending members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has following specific actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines referred to above:

1. During the year, the scheme of arrangement between the Company and Enrica Enterprises Private Limited and their respective shareholders and creditors, in respect of transfer of undertaking of the Company in Tamil Nadu by way of slump sale to Enrica Enterprises Private Limited under Section 391 to Section 394 of the Companies Act, 1956 with an appointed date of April 1, 2013 has been sanctioned by the Honorable High Courts of Karnataka and Madras under their orders dated February 19, 2015 and July 31, 2014 respectively. Upon filing of certified copies of Orders of above High Courts with respective Registrar of Companies, the Scheme has become effective from March 30, 2015.

2. The shareholders of the Company have approved through postal ballot on July 4, 2014, the sale and transfer of the entire issued capital of Whyte and Mackay Group Limited, which was owned by United Spirits (Great Britain) Limited, an indirectly wholly owned subsidiary of the Company to Emperador UK Limited, a subsidiary of Emperador Inc., Philippines for an enterprise value of 430million pound sterling in accordance with the terms and conditions set out in a share sale and purchase agreement between United Spirits (Great Britain) Limited, Emperador UK Limited and Emperador Inc. dated May 9, 2014 pursuant to the provisions of Section 180 of the Companies Act, 2013. Consequent to completion of above sale on October 31, 2014, Whyte and Mackay Group Limited and its 45 subsidiaries have ceased to be the subsidiaries of the Company.

3. The Shareholders of the Company at their Annual General Meeting held on September 30, 2014 have approved the powers to the board of directors to borrow and create the mortgage/ charge on the assets of the Company up-to ₹ 10,000 crores pursuant to Section 180 of the Companies Act, 2013.

4. Pursuant to the provisions of Section 181 of the Companies Act, 2013, the Shareholders of the Company at their Annual General Meeting held on September 30, 2014 have approved the powers to the board of directors to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, sports, exhibition, national, public or any other institutions, objects or purposes or other funds not directly relating to the business of the Company or the welfare of its employees, from time to time in any financial year to the extent of ₹ 150,000,000/- (Rupees Fifteen Crores only) notwithstanding that such contributions of the Company, in any financial year, may exceed 5% of the average net profits of the Company for the three immediately preceding financial years.

5. The shareholders of the Company did not approve the resolution through postal ballot on November 28, 2014 in respect of entering into agreements with certain Diageo group companies with requisite majority.

6. The Shareholders of the Company at the Extraordinary General Meeting held on November 28, 2014 have approved, with requisite majority, the resolution considering erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.

7. At the Extraordinary General Meeting held on November 28, 2014 certain existing material related party transactions which were likely to continue beyond March 31, 2015 were placed for approval of shareholders by way of Special Resolution pursuant to Clause 49 of the listing agreement then in force.

    (a) the resolutions for following transactions were approved with requisite majority:

        i. Agreement for sales promotion services agreement dated October 1, 2013, between the Company and Diageo India Private Limited.

        ii. Trademark licence agreement dated June 29, 2013, between the Company and United Breweries (Holdings) Limited.

(b) the resolutions for following transactions were not approved with requisite majority:

i. Loan agreement dated July 3, 2013, between the Company and United Breweries (Holdings) Limited.

ii. Agreements dated September 30, 2011 and December 22, 2011 respectively, between the Company and United Breweries (Holdings) Limited requiring United Breweries (Holdings) Limited to sell to the Company certain immovable properties.

iii. Services agreement dated July 3, 2013, between the Company and Kingfisher Finvest India Limited

iv. Advertising agreement dated October 1, 2013 (which amended and restated the original agreement dated July 3, 2013) between the Company and Watson Limited

v. Sponsorship agreement dated June 11, 2013 between the Company and United Racing & Bloodstock Breeders Limited,

vi. Sponsorship agreement dated June 11, 2013 between the Company and United Mohun Bagan Football Team Private Limited.

vii. Aircraft services agreement dated June 11, 2013 between the Company and UB Air Private Limited.

viii. Properties call agreement dated June 11, 2013 between the Company and PE Data Centre Resources Private Limited.

ix. Contribution agreement dated June 11, 2013 between the Company and Vittal Mallya Scientific Research Foundation.

8. The shareholders of the Company at the extraordinary general meeting held on January 9, 2015 have approved the resolution for Entering into distribution agreement, license for manufacture and sale agreements and cost sharing agreement with certain subsidiaries of Diageo Plc by way of special resolution.

Sudhir V Hulyalkar
Company Secretary in Practice
FCS No.: 6040
C P No. : 6137

Place: Bangalore
Date: September 23, 2015

Annexure 5: Extract of Annual Return

FORM MGT-9
EXTRACT OF ANNUAL RETURN
For the financial year ended March 31, 2015

(Pursuant to section 92(3) of the Act, and rule 12(1) of the Companies (Management and Administration) Rules, 2014)

I. Registration and Other Details:

Particulars	Details
CIN	L01551KA1999PLC024991
Registration date	31/03/1999
Name of the Company	United Spirits Limited
Category/Sub-Category of the Company	Company Limited by Shares Indian Non Govt Company
Address of the Registered office and contact details	'UB TOWER' # 24, Vittal Mallya Road Bangalore 560001, Karnataka Phone: +91 80 3985 6500 E-mail: ramachandran.venkatesan@unitedspirits.in Website: www.unitedspirits.in
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	INTEGRATED ENTERPRISES (INDIA) LIMITED No. 30, Ramana Residency, 4th cross, Sampige Road, Malleswaram, Bengaluru-560003 Tel: +91-80-23460815-818 Fax: +91-80-23460819

II. Principal Business Activities of the Company

All business activities contributing 10% or more of total turnover of the Company to be stated.

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Distilling, rectifying and blending of spirits; ethyl alcohol production from fermented material	1551	90.67
	Total		**90.67**

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
1	Relay BV	Molenwerf – 10-12, 1014, BG, Amsterdam, Netherlands.	NA	Holding Company	54.78	2(46)
2	Pioneer Distilleries Limited	"UB House", Plot No. 36, Street No. 4, Srinagar Colony, Hyderabad, Andhra Pradesh-500073	L24116AP1992PLC055108	Subsidiary Company	75	2(87)
3	SW Finance Co. Limited	Bank of Baroda Building, 2nd Floor, 3, Walchand Hirachand Marg, Ballard Estate, Mumbai, Maharashtra	U65924MH2002PLC137727	Subsidiary Company	100	2(87)

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
4	United Spirits Nepal Private Limited	Kamaladi, Kathmandu(Nepal)	124/39	Subsidiary Company	82.46	2(87)
5	McDowell & Co (Scotland) Limited	Keillour House, Methvan, Perthshire, PH1 3RA	SC 145242	Subsidiary Company	100	2(87)
6	Sovereign Distilleries Limited	UB House' Plot No: 36, Door No. 8-3-1099/A, Street No. 4, Srinagar Colony, Hyderabad, Telangana-500073	U15511TG2001PLC036282	Subsidiary Company	100	2(87)
7	Asian Opportunities & Investments Limited	IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius	22752/5112	Subsidiary Company	100	2(87)
8	Palmer Investment Group Limited	Sea Meadow House, Blackburne Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands	447034	Subsidiary Company	100	2(87)
9	Montrose International S.A	Edificio Vallarino Penthouse, Calle 52 Y Elvira Mendez, Ciudad De Panama, R.P	3147	Subsidiary Company	100	2(87)
10	Liquidity Inc.	4235, Redwood Ave., Los Angeles, CA 90066, USA.	--	Subsidiary Company	51	2(87)
11	Four Seasons Wines Limited	UB Tower,#24,Vittal Mallya Road, Bangalore, Karnataka-560001	U15549KA2006PLC039931	Subsidiary Company	100	2(87)
12	USL Holdings Limited	Geneva Place, 333 Waterfront Drive Road Town, Tortola, British Virgin Islands	1385373 (BVI)	Subsidiary Company	100	2(87)
13	United Spirits (Shanghai) Trading Company Limited	Unit 215, Xinxing Building, No. 8, Jia Feng Road, Wai Gao Qiao Free Trade Zone, Shanghai, China.	(S.W.Z.H.D.Z.Z. [2007] No. 1153	Subsidiary Company	100	2(87)
14	Royal Challengers Sports Private Limited	'UB Tower', # 24, Vittal Mallya Road, Bangalore, Karnataka-560001	U92400KA2008PTC045565	Subsidiary Company	100	2(87)
15	Tern Distilleries Private Limited	UB House, Plot No. 36, Street No. 04, Srinagar Colony, Hyderabad, Telangana-500073	U15532TG1999PTC031318	Subsidiary Company	100	2(87)
16	Shaw Wallace Overseas Limited (SWOL)	Leonard House 5-7 Newman Road, Bromley, Kent BR1 1RJ	NA	Subsidiary Company	100	2(87)
17	UB Sports Management Overseas Limited (Formerly known as JIHL Nominees Limited(JIHL)	La Motte Chambers, St Helier, Jersey, JE1 1PB	NA	Subsidiary Company	100	2(87)
18	USL Holdings (UK) Limited (UHUKL)	C/O Mcclure Naismith, 4th Floor Equitable House, 47 King William Street, London, EC4R 2AF	NA	Subsidiary Company	100	2(87)
19	United Spirits (UK) Limited (USUKL)	C/O McClure Naismith, 4th Floor Equitable House, 47 King William Street, London, EC4R 2AF	NA	Subsidiary Company	100	2(87)
20	United Spirits (Great Britain) Limited (USGBL)	C/O Mcclure Naismith, 4th Floor Equitable House, 47 King William Street, London, EC4R 2AF	NA	Subsidiary Company	100	2(87)
21	Bouvet Ladubay S.A.S (BL)	11 Rue Jean Ackerman 49400 Saint Hilaire, Saint Florent	NA	Subsidiary Company	100	2(87)
22	Chapin Landias S.A.S (CL)	11 Rue Jean Ackerman 49400 Saint Hilaire, Saint Florent	NA	Subsidiary Company	100	2(87)
23	United Spirits Singapore Trading Pte Ltd (Formerly known as Whyte and Mackay Singapore Pte Ltd)	9 Battery Road, #15-01 Straits Trading Building, Singapore 049910	NA	Subsidiary Company	100	2(87)

IV. Shareholding Pattern (Equity Share Capital Break up as % to Total Equity)

(i) Category wise Shareholding

Category of Shareholders	No. of shares held at beginning of year				No. of Shares held at the end of the year				% change during year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	12510	-	12510	0.01	12510	-	12510	0.01	NIL
b) Central Govt. or State Govt.									
c) Bodies Corporates	14283376	-	14283376	9.83	5936823	-	5936823	4.09	5.79
d) Bank/FI									
e) Any other									
SUB TOTAL:(A) (1)	**14295886**	**-**	**14295886**	**9.84**	**5949333**	**-**	**5949333**	**4.10**	**5.79**
(2) Foreign									
a) NRI- Individuals									
b) Other - Individuals									
c) Bodies Corp.	41827132	-	41827132	28.78	79612346	-	79612346	54.78	26.00
d) Banks/FI									
e) Any other…									
SUB TOTAL (A) (2)	**41827132**	**-**	**41827132**	**28.78**	**79612346**	**-**	**79612346**	**54.78**	**26.00**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**56123018**	**-**	**56123018**	**38.62**	**85561679**	**-**	**85561679**	**58.87**	**20.25**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	5670647	750	5671397	3.90	5969245	550	5969795	4.11	0.21
b) Banks/FI	50263	11227	61490	0.04	65625	11227	76852	0.05	0.01
C) Central Govt.	22846	-	22846	0.02	27439	-	27439	0.02	Nil
d) State Govt.	-	7521	7521	0.01	-	7521	7521	0.01	Nil
e) Venture Capital Fund	-	-	-		-	-	-	-	-
f) Insurance Companies	-	-	-		-	-	-	-	-
g) FIIS	58329705	1747	58331452	40.14	34934834	1747	34936581	24.04	16.10
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	
SUB TOTAL (B)(1):	**64073461**	**21245**	**64094706**	**44.10**	**40997143**	**21045**	**41018188**	**28.22**	**15.88**
(2) Non Institutions									
a) Bodies corporate									
i) Indian	9789392	52601	9841993	6.77	6914493	52434	6966927	4.79	1.98
ii) Overseas	46900	3504	50404	0.03	40525	3504	44029	0.03	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	4759239	1591349	6350588	4.37	5184977	1473878	6658855	4.58	0.21
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	5916963	32034	5948997	4.09	2455563	32034	2487597	1.71	2.38
Qualified Foreign Investor / Foreign Portfolio Investor (Corporate)	12775	-	12775	0.01	4025	-	4025	0.00	0.01
c) Others (specify)	544305	-	544305	0.37	519296	-	519296	0.36	0.01
Clearing Member	802653	-	802653	0.55	144504	-	144504	0.10	0.45
Foreign Nationals	50	-	50	0.00	50	-	50	0.00	0.00
Non Resident Indians (Repatriable)	167854	396772	564626	0.39	199567	373261	572828	0.39	0.00

(i) Category wise Shareholding

Category of Shareholders	No. of shares held at beginning of year				No. of Shares held at the end of the year				% change during year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non Resident Indians (Non Repatriable)	116764	6693	123457	0.08	548557	6393	554950	0.38	0.3
Directors									
.Relatives Of Directors									
Trusts	100852	-	100852	0.07	79068	-	79068	0.05	0.02
SUB TOTAL:(B) (2)	**22257747**	**2082953**	**24340700**	**16.75**	**16090625**	**1941504**	**18032129**	**12.41**	**4.34**
Total Public Shareholding (B) = (B) (1) + (B) (2)	**86331208**	**2104198**	**88435406**	**60.85**	**57087768**	**1962549**	**59050317**	**40.63**	**20.22**
C. Shares held by Custodian for GDRs & ADRs	769319	-	769319	0.53	715747	-	715747	0.49	0.04
Grand Total (A+B+C)	**143223545**	**2104198**	**145327743**	**100.00**	**143365194**	**1962549**	**145327743**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sl. No.	Promoter's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Devi Investments Private Limited	2700	0.00	-	2700	0.00	-	0.00
2	Kingfisher Finvest India Limited	5595590	3.85	5522410	1658180	1.14	1500000	2.71
3	Mallya Private Limited	1005	0.00	-	1005	0.00	-	0.00
4	Rossi And Associates Pvt Ltd	35112	0.02		35112	0.02	-	0.00
5	United Breweries (Holdings) Limited	8617699	5.93	8090787	4208556	2.90	1713820	3.03
6	Dr. Vijay Mallya	12510	0.01		13510	0.01		0.00
7	Vittal Investments Private Limited	31270	0.02	-	31270	0.02		0.00
8	Relay BV	41827132	28.78	-	79612346	54.78		26.00
	TOTAL	**56123018**	**38.62**	**13613197**	**85561679**	**58.87**	**3213820**	**20.25**

(iii) Change in Promoter's Shareholding (Promoter wise) including Date wise increase / decrease in each of the Promoter's Shareholding during the year specifying the reasons for increase / decrease.

Name	Shares at the beginning of the year	Date of Change	Reason for Change	No. of Shares	Cumulative shareholding
United Breweries (Holdings) Ltd	8617699	02.05.2014	SOLD	660400	7957299
United Breweries (Holdings) Ltd	7957299	09.05.2014	SOLD	1624	7955675
United Breweries (Holdings) Ltd	7955675	23.05.2014	BOUGHT	8875	7964550
United Breweries (Holdings) Ltd	7964550	13.06.2014	SOLD	3147985	4816565
United Breweries (Holdings) Ltd	4816565	20.06.2014	SOLD	482000	4334565
United Breweries (Holdings) Ltd	4334565	29.08.2014	SOLD	126009	4208556
Kingfisher Finvest India Limited	5195590	13.06.2014	SOLD	1789410	3406180
Kingfisher Finvest India Limited	3406180	20.06.2014	SOLD	1748000	1658180
Relay BV	41827132	04.07.2014	OPEN OFFER	37764849	79591981
Relay BV	79591981	19.09.2014	OPEN OFFER	20365	79612346

Shareholding Pattern of top ten Shareholders (other than Directors & Promoters and Holders of GDRs and ADRs)

Sl NO	Name of shareholder	No of shares	Shareholding at the beginning of the period 01/4/2014				Cumulative shareholding during FY 2014-15	
			% to total shares of the company	Date	Increase / decrease in share holding	Reason	No of shares	% to total shares of the company
1	ABU DHABI INVESTMENT AUTHORITY – PEACOCK	2690697	1.85	04.04.2014	0	NA	0	0.00
		2680697	1.84	18.04.2014	-10000	SOLD	2680697	1.84
		2621197	1.80	02.05.2014	-59500	SOLD	2621197	1.80
		2601197	1.79	09.05.2014	-20000	SOLD	2601197	1.79
		2578697	1.77	16.05.2014	-22500	SOLD	2578697	1.77
		2524697	1.74	23.05.2014	-54000	SOLD	2524697	1.74
		2484505	1.71	30.05.2014	-40192	SOLD	2484505	1.71
		2376456	1.64	06.06.2014	-108049	SOLD	2376456	1.64
		1258875	0.87	20.06.2014	-1117581	SOLD	1258875	0.87
		1719481	1.18	04.07.2014	460606	BOUGHT	1719481	1.18
		1391239	0.96	11.07.2014	-328242	SOLD	1391239	0.96
		1204983	0.83	18.07.2014	-186256	SOLD	1204983	0.83
		1200369	0.83	01.08.2014	-4614	SOLD	1200369	0.83
		0	0.00	14.08.2014	-1200369	SOLD	0	0.00
		1200369	0.83	22.08.2014	1200369	BOUGHT	1200369	0.83
		1208599	0.83	05.09.2014	8230	BOUGHT	1208599	0.83
		1211199	0.83	19.09.2014	2600	BOUGHT	1211199	0.83
		1275864	0.88	30.09.2014	64665	BOUGHT	1275864	0.88
		1294030	0.89	10.10.2014	18166	BOUGHT	1294030	0.89
		1324342	0.91	31.10.2014	30312	BOUGHT	1324342	0.91
		0	0.00	14.11.2014	-1324342	SOLD	0	0.00
		1370286	0.94	28.11.2014	1370286	BOUGHT	1370286	0.94
		1389300	0.96	05.12.2014	19014	BOUGHT	1389300	0.96
		1748800	1.20	19.12.2014	359500	BOUGHT	1748800	1.20
		1783800	1.23	31.12.2014	35000	BOUGHT	1783800	1.23
		1779100	1.22	27.02.2015	-4700	SOLD	1779100	1.22
		1763899	1.21	06.03.2015	-15201	SOLD	1763899	1.21
		1718399	1.18	13.03.2015	-45500	SOLD	1718399	1.18
		1718399	1.18	31.03.2015	0	NA	1718399	1.18
2	CARMIGNAC GESTION A\C CARMIGNAC INVESTMENT	0	0.00	04.04.2014	0	NA	0	0.00
		290000	0.20	25.04.2014	290000	BOUGHT	290000	0.20
		581510	0.40	02.05.2014	291510	BOUGHT	581510	0.40
		701294	0.48	09.05.2014	119784	BOUGHT	701294	0.48
		908966	0.63	16.05.2014	207672	BOUGHT	908966	0.63
		1217809	0.84	23.05.2014	308843	BOUGHT	1217809	0.84
		1344610	0.93	30.05.2014	126801	BOUGHT	1344610	0.93
		1367392	0.94	25.07.2014	22782	BOUGHT	1367392	0.94
		1367392	0.94	31.03.2015	0	NA	1367392	0.94
3	CARMIGNAC GESTION A\C CARMIGNAC PATRIMOINE	0	0.00	04.04.2014	0	NA	0	0.00
		480578	0.33	25.04.2014	480578	BOUGHT	480578	0.33
		962584	0.66	02.05.2014	482006	BOUGHT	962584	0.66
		1161427	0.80	09.05.2014	198843	BOUGHT	1161427	0.80
		1497238	1.03	16.05.2014	335811	BOUGHT	1497238	1.03
		1973128	1.36	23.05.2014	475890	BOUGHT	1973128	1.36
		2169471	1.49	30.05.2014	196343	BOUGHT	2169471	1.49
		2207518	1.52	25.07.2014	38047	SOLD	2207518	1.52
		2205168	1.52	05.09.2014	-2350	SOLD	2205168	1.52
		2201906	1.52	10.10.2014	-3262	SOLD	2201906	1.52
		2197595	1.51	31.12.2014	-4311	SOLD	2197595	1.51
		2197595	1.51	31.03.2015	0	NA	2197595	1.51
4	CLSA GLOBAL MARKETS PTE. LTD.	0	0.00	04.04.2014	0	NA	0	0.00
		2159054	1.49	27.03.2015	2159054	SOLD	2159054	1.49
		2159054	NA	31.03.2015	NA		2159054	1.49

Sl NO	Name of shareholder	No of shares	Shareholding at the beginning of the period 01/4/2014				Cumulative shareholding during FY 2014-15	
			% to total shares of the company	Date	Increase / decrease in share holding	Reason	No of shares	% to total shares of the company
5	DEUTSCHE SECURITIES MAURITIUS LIMITED	1547741	1.07	04.04.2014	0	NA	1547741	1.07
		1551031	1.07	11.04.2014	3290	SOLD	1551031	1.07
		1553841	1.07	18.04.2014	2810	BOUGHT	1553841	1.07
		1552566	1.07	25.04.2014	-1275	SOLD	1552566	1.07
		1579146	1.09	02.05.2014	26580	BOUGHT	1579146	1.09
		1584554	1.09	09.05.2014	5408	BOUGHT	1584554	1.09
		1668209	1.15	16.05.2014	83655	BOUGHT	1668209	1.15
		1766507	1.22	23.05.2014	98298	BOUGHT	1766507	1.22
		1764108	1.21	30.05.2014	-2399	SOLD	1764108	1.21
		2031068	1.40	06.06.2014	266960	BOUGHT	2031068	1.40
		2038440	1.40	13.06.2014	7372	BOUGHT	2038440	1.40
		216455	0.15	20.06.2014	-1821985	SOLD	216455	0.15
		371115	0.26	30.06.2014	154660	BOUGHT	371115	0.26
		1289954	0.89	04.07.2014	918839	BOUGHT	1289954	0.89
		1293606	0.89	11.07.2014	3652	BOUGHT	1293606	0.89
		1418236	0.98	18.07.2014	124630	BOUGHT	1418236	0.98
		1420033	0.98	25.07.2014	1797	BOUGHT	1420033	0.98
		1414685	0.97	01.08.2014	-5348	SOLD	1414685	0.97
		1413953	0.97	22.08.2014	-732	SOLD	1413953	0.97
		1263684	0.87	29.08.2014	-150269	SOLD	1263684	0.87
		1265744	0.87	05.09.2014	2060	BOUGHT	1265744	0.87
		1282957	0.88	19.09.2014	17213	BOUGHT	1282957	0.88
		1290459	0.89	30.09.2014	7502	BOUGHT	1290459	0.89
		1290541	0.89	10.10.2014	82	BOUGHT	1290541	0.89
		1288540	0.89	17.10.2014	-2001	SOLD	1288540	0.89
		1314504	0.90	24.10.2014	25964	BOUGHT	1314504	0.90
		1314044	0.90	31.10.2014	-460	SOLD	1314044	0.90
		1313438	0.90	07.11.2014	-606	SOLD	1313438	0.90
		1316697	0.91	14.11.2014	3259	BOUGHT	1316697	0.91
		1316999	0.91	21.11.2014	302	BOUGHT	1316999	0.91
		1315858	0.91	28.11.2014	-1141	SOLD	1315858	0.91
		1215524	0.84	05.12.2014	-100334	SOLD	1215524	0.84
		1215155	0.84	19.12.2014	-369	SOLD	1215155	0.84
		1213062	0.83	31.12.2014	-2093	SOLD	1213062	0.83
		1210441	0.83	09.01.2015	-2621	SOLD	1210441	0.83
		1203441	0.83	30.01.2015	-7000	SOLD	1203441	0.83
		1153405	0.79	06.02.2015	-50036	SOLD	1153405	0.79
		1153252	0.79	13.03.2015	-153	SOLD	1153252	0.79
		1152875	0.79	20.03.2015	-377	SOLD	1152875	0.79
		1152754	0.79	27.03.2015	-121	SOLD	1152754	0.79
		1152754	0.79	31.03.2015	0	NA	1152754	0.79
6	GOVERNMENT OF SINGAPORE	1745795	1.20	04.04.2014	1745795	0	1745795	1.20
		1715497	1.18	11.04.2014	-30298	SOLD	1715497	1.18
		1684248	1.16	02.05.2014	-31249	SOLD	1684248	1.16
		1693723	1.17	16.05.2014	9475	BOUGHT	1693723	1.17
		1668847	1.15	30.05.2014	-24876	SOLD	1668847	1.15
		1614168	1.11	06.06.2014	-54679	SOLD	1614168	1.11
		0	0.00	20.06.2014	-1614168	SOLD	0	0.00
		799718	0.55	04.07.2014	799718	BOUGHT	799718	0.55
		824626	0.57	11.07.2014	24908	BOUGHT	824626	0.57
		803717	0.55	01.08.2014	-20909	SOLD	803717	0.55
		798298	0.55	29.08.2014	-5419	SOLD	798298	0.55
		791443	0.54	05.09.2014	-6855	SOLD	791443	0.54
		791878	0.54	12.09.2014	435	BOUGHT	791878	0.54
		794963	0.55	03.10.2014	3085	BOUGHT	794963	0.55
		800510	0.55	10.10.2014	5547	BOUGHT	800510	0.55
		800060	0.55	17.10.2014	-450	SOLD	800060	0.55

Sl NO	Name of shareholder	No of shares	Shareholding at the beginning of the period 01/4/2014				Cumulative shareholding during FY 2014-15	
			% to total shares of the company	Date	Increase / decrease in share holding	Reason	No of shares	% to total shares of the company
		799708	0.55	24.10.2014	-352	SOLD	799708	0.55
		809212	0.56	31.10.2014	9504	BOUGHT	809212	0.56
		828109	0.57	07.11.2014	18897	BOUGHT	828109	0.57
		827532	0.57	21.11.2014	-577	SOLD	827532	0.57
		826072	0.57	28.11.2014	-1460	SOLD	826072	0.57
		823026	0.57	05.12.2014	-3046	SOLD	823026	0.57
		810863	0.56	12.12.2014	-12163	SOLD	810863	0.56
		810181	0.56	19.12.2014	-682	SOLD	810181	0.56
		806277	0.55	31.12.2014	-3904	SOLD	806277	0.55
		800779	0.55	09.01.2015	-5498	SOLD	800779	0.55
		814240	0.56	16.01.2015	13461	BOUGHT	814240	0.56
		809649	0.56	30.01.2015	-4591	SOLD	809649	0.56
		821966	0.57	13.02.2015	12317	BOUGHT	821966	0.57
		821387	0.57	20.02.2015	-579	SOLD	821387	0.57
		822129	0.57	06.03.2015	742	BOUGHT	822129	0.57
		825370	0.57	27.03.2015	3241	BOUGHT	825370	0.57
		825370	0.57	31.03.2015	0	NA	825370	0.57
7	KOTAK MAHINDRA (INTERNATIONAL) LIMITED	866638	0.60	04.04.2014	866638	0	866638	0.60
		0	0.00	20.06.2014	-866638	SOLD	0	0.00
		869398	0.60	04.07.2014	869398	BOUGHT	869398	0.60
		1293203	0.89	18.07.2014	423805	BOUGHT	1293203	0.89
		1418203	0.98	25.07.2014	125000	BOUGHT	1418203	0.98
		1495103	1.03	01.08.2014	76900	BOUGHT	1495103	1.03
		1572593	1.08	08.08.2014	77490	BOUGHT	1572593	1.08
		0	0.00	14.08.2014	-1572593	SOLD	0	0.00
		1572593	1.08	22.08.2014	1572593	BOUGHT	1572593	1.08
		1740593	1.20	19.09.2014	168000	BOUGHT	1740593	1.20
		1740593	1.20	31.03.2015	0	NA	1740593	1.20
8	MORGAN STANLEY ASIA (SINGAPORE) PTE.	0	0.00	04.04.2014	0	0	0	0.00
		3742552	2.58	19.12.2014	3742552	BOUGHT	3742552	2.58
		3733880	2.57	31.12.2014	-8672	SOLD	3733880	2.57
		3734534	2.57	16.01.2015	654	BOUGHT	3734534	2.57
		3161561	2.18	30.01.2015	-572973	SOLD	3161561	2.18
		3158369	2.17	20.02.2015	-3192	SOLD	3158369	2.17
		3160167	2.17	27.02.2015	1798	BOUGHT	3160167	2.17
		3161190	2.18	06.03.2015	1023	BOUGHT	3161190	2.18
		3166178	2.18	13.03.2015	4988	BOUGHT	3166178	2.18
		3169489	2.18	20.03.2015	3311	BOUGHT	3169489	2.18
		3166006	2.18	27.03.2015	-3483	SOLD	3166006	2.18
		3166006	2.18	31.03.2015	0		3166006	2.18
9	RAKESH JHUNJHUNWALA	1268031	0.87	04.04.2014	1268031	0	1268031	0.87
		1253102	0.86	02.05.2014	-14929	SOLD	1253102	0.86
		0	0.00	16.05.2014	-1253102	SOLD	0	0.00
		1375000	0.95	08.08.2014	1375000	BOUGHT	1375000	0.95
		1450000	1.00	14.08.2014	75000	BOUGHT	1450000	1.00
		1500000	1.03	05.09.2014	50000	BOUGHT	1500000	1.03
		0	0.00	31.10.2014	-1500000	SOLD	0	0.00
		1500000	1.03	05.12.2014	1500000	BOUGHT	1500000	1.03
		0	0.00	31.12.2014	-1500000	SOLD	0	0.00
		1500000	1.03	16.01.2015	1500000	BOUGHT	1500000	1.03
		800000	0.55	20.02.2015	-700000	SOLD	800000	0.55
		800000	0.55	31.03.2015	0	NA	800000	0.55

Sl NO	Name of shareholder	No of shares	Shareholding at the beginning of the period 01/4/2014				Cumulative shareholding during FY 2014-15	
			% to total shares of the company	Date	Increase / decrease in share holding	Reason	No of shares	% to total shares of the company
10	VANGUARD EMERGING MARKETS STOCK INDEX FUND	1544267	1.06	04.04.2014	1544267	0	1544267	1.06
		1554851	1.07	11.04.2014	10584	BOUGHT	1554851	1.07
		1556363	1.07	18.04.2014	1512	BOUGHT	1556363	1.07
		1560251	1.07	23.05.2014	3888	BOUGHT	1560251	1.07
		780125	0.54	20.06.2014	-780126	SOLD	780125	0.54
		1133775	0.78	04.07.2014	353650	BOUGHT	1133775	0.78
		1141335	0.79	11.07.2014	7560	BOUGHT	1141335	0.79
		1147055	0.79	25.07.2014	5720	BOUGHT	1147055	0.79
		1156207	0.80	01.08.2014	9152	BOUGHT	1156207	0.80
		1159782	0.80	22.08.2014	3575	BOUGHT	1159782	0.80
		1163786	0.80	12.09.2014	4004	BOUGHT	1163786	0.80
		1167790	0.80	28.11.2014	4004	BOUGHT	1167790	0.80
		1171365	0.81	05.12.2014	3575	BOUGHT	1171365	0.81
		1165502	0.80	09.01.2015	-5863	SOLD	1165502	0.80
		1162928	0.80	16.01.2015	-2574	SOLD	1162928	0.80
		1160497	0.80	30.01.2015	-2431	SOLD	1160497	0.80
		1159782	0.80	06.02.2015	-715	SOLD	1159782	0.80
		1123554	0.77	13.02.2015	-36228	SOLD	1123554	0.77
		1121409	0.77	31.03.2015	-2145	SOLD	1121409	0.77

Note : Above change in shareholding is based on the beneficial position data downloaded from the Depositories.

V. Shareholding of Directors and Key Managerial Personnel

Dr. Vijay Mallya

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	12510	0.008608	12510	0.008608
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	12510	0.008608
At the end of the year	12510	0.008608	12510	0.008608

VI. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	26,316	18,833	3,863	49,013
(ii) Interest due but not paid	-	-	-	-
(iii)Interest accrued but not due	23	-	-	23
Total (i+ii+iii)	**26,339**	**18,833**	**3,863**	**49,035**
Change in Indebtedness during the financial year				
Addition	4,952	17,950	0	22,901
Reduction	-4,595	-10,240	-3,863	-18,699
Net Change	356	7,709	-3,863	4,202
Indebtedness at the end of the financial year				
(i) Principal Amount	26,695	26,543	-	53,238
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**26,695**	**26,543**	**-**	**53,238**

VII. Remuneration of Directors and Key Managerial Personnel

a. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Fig in (₹))

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total
		Anand Kripalu*	Ashok Capoor**	PA Murali
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39,173,924	2,380,150	49,549,140
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	10,193,662	27,546	64,677,589
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission -as % of Profit Others – Specify			
5	**Others – Please specify**	**13,264,549**	**486,000**	**38,865,669**
	Total	**62,632,135**	**2,893,696**	**153,092,428**
	Ceiling as per the Act	**1.91 Crores per Director pursuant to calculation under Schedule V Part II Section II (A)**		

* The above table shows the remuneration paid to Mr. Anand Kripalu for holding the position of Managing Director w.e.f 14th August 2014. Mr. Anand Kripalu was holding the position of Chief Executive Officer from 1st May 2014 to 13th August 2014. The details of the Salary paid to Mr. Anand Kripalu as Key Managerial Personnel i.e. from 1st May 2014 to 13th August 2014 is given below:

Sl No	Particulars of Remuneration	Name of MD/WTD/ Manager
		Anand Kripalu*
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,751,492
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	3,984,772
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	
2	Stock Option	
3	Sweat Equity	
4	Commission -as % of Profit Others – Specify	
5	Others – Please specify	3166,462
	Total	**22,902,726**

** Mr. Ashok Capoor ceased to be a Director and Managing Director on April 30, 2014.

b. Remuneration to other directors

(Fig in ₹)

S. No		Names of Directors							Total
1	Independent Directors	Mr. A R Gandhi	Mr. GN Bajpai	Dr (Mrs) Indu Shahani	Mr. D Sivanandhan	Mr. Sudhakar Rao	Mr. Vikram Singh Mehta	Mr. Rajeev Gupta	
	Fee for attending board committee meetings	810,000	750,000	870,000	1,740,000	1,690,000	515,000	100,000	6,475,000
	Commission	-	-	-	-	-	-	-	-
	Others, (Please specify)	-	-	-	-	-	-	-	-
	Total (1)	810,000	750,000	870,000	1,740,000	1,690,000	515,000	100,000	6,475,000

S. No		Names of Directors							Total
2	Other Non-Executive Directors	Dr. Vijay Mallya							
	Fee for attending board committee meetings	780,000							780,000
	Commission	-							-
	Others, please specify	-							
	Total (2)	780,000							780,000
	Total (B)=(1+2)		-	-	-	-	-	-	7,255,000
	Total Managerial Remuneration								NA
	Overall Ceiling as per the Act								NA

c. Remuneration to Key Managerial Personnel other than MD / Manager / Whole time Director

Sl. No.	Particulars of Remuneration	V.S. Venkataraman Company Secretary
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,472,210
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	3,771,593
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	
2	Stock Option	
3	Sweat Equity	
4	Commission -as % of Profit Others – Specify	
5	Others	8,626,756
	Total	**20,870,559**

VIII. Penalties / Punishment/ Compounding of Offences

There has been no penalty or punishment under the Companies Act for the year ended March 31, 2015. As on date, the Company has not with applied for compounding of offences for the year ended March 31, 2015.

Annexure 6: Employee Details

Details of Ratio of Remuneration of Director

[Section 197(12), r/w Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014]

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Name of the Director	Designation	Ratio to the Median	Percentage Increase
Anand Kripalu#	Managing Director & CEO	197:1	Not Applicable
Murali PA*	Executive Director & CFO	325:1	96.6%
Ashok Capoor#	Erstwhile Managing Director & CEO	9:1	43.3%
Venkataraman VS	Company Secretary	66:1	-34.7%

* Excludes one-time bonus payout of INR 5 Crores which does not form part of salary historically

Only considered for the period where they were directors of the company

(iii) the percentage increase in the median remuneration of employees in the financial year;	The median remuneration increase was 5.33% for the financial year
(iv) the number of permanent employees on the rolls of company;	The company had a permanent headcount of 6797 on the rolls as of 31 March 2015
(v) the explanation on the relationship between average increase in remuneration and company performance;	The remuneration policy of the company is to provide reward packages that are competitive with the peer basket companies with strong emphasis on performance. The salary of all executive employees consist of variable pay to reinforce the remuneration policy. Variable pay is directly linked to an individual performance and business performance. Annual salary increases are based on benchmarking exercise which compares the remuneration of the individuals in the company vis a vis peer basket companies with similar talent. Individual salary increases are based on the benchmarking and the individual performance. Salary increases during the year were in line with the contribution to Company's performance as well as Company's market competitiveness
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	The key managerial personnel remuneration consists of variable pay which is linked to both individual performance and company performance.
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	The market capitalisation of the Company as on March 31, 2015 was ₹ 53,150 Crores compared to ₹ 38,475 Crores as of March 31, 2014. The price earnings ratio is not comparable since the earning per share is negative for both the years. The share price of the Company has appreciated from ₹ 2,647.45 to ₹ 3,657.30 resulting in an appreciation of 38% during this period.

(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The increase made in average salaries of employees other than the managerial personnel in the current financial year compared to the last financial year was 34.04% while the total increase in the managerial remuneration was 26.3%.The annual average salary increase is based on company's market competitiveness as against its peerbasket companies.
(ix) comparison of remuneration of the Key Managerial Personnel against the performance of the company	Same as (vi) above
(x) the key parameters for any variable component of remuneration availed by the directors;	All executive employees including the executive directors remuneration has a variable pay component which is based on individual performance based on the key resultant areas and company performance. For the financial year, the variable pay is based on company parameters like NSV, Operating Profit, Net Cash Flow
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	Not Applicable
(xii) Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid is as per the remuneration and reward policy of the company

By Authority of the Board

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director and Chief Executive Officer

Bangalore
September 23, 2015

Particulars of Employees

[Information as required under Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and forming part of the Director's Report for the Financial Year ended March 31, 2015

SL. No	EMP NAME	AGE	DESIGNATION & NATURE OF DUTIES	AMOUNT (₹)	QUALIFICATION	EXPE-RIENCE (YEARS)	DATE OF JOINING	PARTICULARS OF PREVIOUS EMPLOYMENT
1	Abhay Kewadkar	54	Sr Vice President - Wines	10889073	B.TECH (CHEM)	32	23-Aug-06	Vice President & Wine Maker - Grover Vineyards Ltd
2	Abhishek Shahabadi	37	Assistant Vice President - Marketing	7471187	B.Com.;PGDM-C	12	23-Feb-06	Group Head, Madison Communications
3	Ajay B Baliga	56	Executive Vice President - Manufacturing, Projects & Quality Control	23979180	B.TECH (CHEM ENGG)	34	3-Nov-08	Allied Blenders & Distillers Pvt Ltd, SVP - Business Development & Mfg
4	Alokesh Banerjee	49	Assistant Vice President - Sales	6551895	M TECH, MBA	13	18-Dec-06	Chief - Marketing, Lafarge India
5	Amrit Thomas	48	President & Chief Marketing Officer	54982486	B.TECH, PGDM	23	12-Jun-07	Category Head - Beverages, HLL
6	Ansuman Majumdar	40	Assistant Vice President - Packaging Development	6585010	B.SC, PGDBM, PGDPT	15	27-Sep-07	Manager - Purchase, Britannia Industries Ltd
7	Anurag Dhawan	46	Assistant Vice President - Human Resources	6260719	LLB; PGDMA	10	1-Nov-01	Manager - HR, LG System India Ltd
8	A R Banerjee	58	Compliance Head	9584847	B.Com.ICWAI	33	1-Apr-96	Bangal Waterproof Ltd. - Cost Accountant
9	Arvind Jain	52	Divisional Vice President - Sales	10396361	PGDM	31	12-Apr-91	Area Manager-Titan Watches Ltd.
10	Arun Goyal	45	Assistant Vice President - Special Projects	7513401	BE, M Tech	18	21-Feb-11	Head-Project Engineer, Sika India Pvt Ltd
11	Ashok Capoor	62	President & Managing Director	2893696	B.A. (ECO), MBA	40	12-May-92	Chief Operating Officer - Erstwhile Herbertsons Limited
12	Ashoke Roy	58	Deputy President	29384777	B.com, C A	33	1-Nov-13	Whyte & Mackay - CFO
13	Avishek Das	37	Assistant Vice President - Marketing	8502795	B.COM, PGDBM	10	27-Jan-09	National Category Head, Spencer's Retail Ltd
14	Binoo Krishna	46	Assistant Vice President - Finance	9294207	B.Sc.;CA;PG Diploma - Other	18	14-Sep-07	Deloitte - Senior Manager Audit & assurance
15	Debasish Das	57	Sr. Vice President - Manufacturing	12589582	B.SC, B.TECH, PGDBM	32	20-Aug-84	Chemist, Eastern Distilleries Pvt Ltd, Kolkata
16	Debashish Shyam	47	Sr. Vice President - Emerging Market	12242977	BSC, PGDBM	24	20-Sep-04	Head - Marketing & Alliances (Internet Services), Bharti Infotel Ltd, New Delhi
17	Debasis Chaudhuri	50	Sr General Manager - Finance	6170670	B.Com, ICWAI	25	10-Jan-97	Asst Manager, Winsome Textile Industries Ltd
18	Dharmarajan S	57	Divisional Vice President - Finance & Accounts	10644610	B.COM, ACA, LLB	31	7-Nov-86	Consultant, N M Raiji & Co, Bombay
19	Feroze G Merchant	42	Assistant Vice President	7726354	B.COM, PGDBA	17	1-Apr-99	Senior Officer, Tata Iron & Steel Company Ltd
20	G Pulla Reddy	43	Assistant Vice President - Manufacturing	7246781	B.Tech.;M.Tech.	19	1-Oct-06	Bhor Industries Limited
21	I.P. Suresh Menon	58	Executive Vice President - Planning & Control	21301856	MMS	37	1-Apr-85	Secretary & Finance Manager ,UB Electronic Instruments Ltd
22	Jaishankar Subramaniam	53	Assistant Vice President - Technical	6774817	MSC, M.TECH	18	15-Apr-04	Research Scientist, GE India Technology Centre Pvt Ltd
23	John Mathew Anthraper	43	Assistant Vice President	7066031	MSC, MBA	18	19-Jan-05	Sales Operations Manager, Britannia Industries Limited
24	Kedar V Ulman	41	Executive Vice President - Sourcing & Business Development	19431800	BE, IIM - B	19	24-Apr-09	Sr. Manager, Accenture Services Pvt Ltd
25	Keshava Babu C S	43	Assistant Vice President - Qualty Control	8712835	Bachelors Degree - Others;BE	18	3-Nov-11	Motorola India Private Ltd Head Quality Assurance
26	K G Ravichandhren	59	Sr General Manager - Finance	6830837	B.COM	26	3-Jun-03	Zonal Manager, I D V INDIA LIMITED
27	K R Sankaranarayana	59	Assistant Vice President - Technical	8551887	B.Sc.;Bachelors Degree - OthersM.Sc.	36	2-Jul-79	Tungabhadra Sugar Works Executive
28	Krishnan M R	47	Assistant Vice President - Manufacturing	6276325	BE, M Tech	23	8-Apr-13	Consultant, Cavin Kare Pvt. Limited
29	K Vijay Kumar	50	Assistant Vice President - Manufacturing	6705892	B.SC, PGDBM	17	17-Feb-04	Manager Technical Services, Udv India Ltd
30	Lalit Kumar Gupta	55	Sr Vice President - Legal	11235761	B.SC, LLB, DLL	32	1-Jun-98	Joint Manager - Legal, Shriram Foods And Fertilizers
31	Lalit R Gabhane	51	Assistant Vice President - EHS	7877073	B.Sc.BEDiploma;ME	26	6-Jan-12	ITC Senior Specialist-EHS
32	Lal Rangwani	50	Divisional Vice President - Sales	8757206	B.Com.;M.ComPGDBM	28	7-Aug-87	Herbertsons TSE
33	Mahesh Nedungadi	55	Sr General Manager - Legal	6093559	B.Com, LLB	30	6-May-96	Company Secretary, Nova Granities India Ltd
34	Mathew Xavier	51	Chief Operating Officer - Andhra	21786021	PGDM / B.COM	26	10-Nov-03	VP Marketing Erstwhile SWDL
35	Muthuraman Ramanathan	49	Assistant Vice President - Manufacturing	10291216	Bachelors Degree - Others;BE	24	18-Apr-11	Bina Foods Pvt. Ltd. Co. General manager
36	Nagappa G S	60	Chief Operating Officer - West	14733298	B.SC	39	1-Aug-75	Executive - Earstwhile Herbertsons LTD

SL. No	EMP NAME	AGE	DESIGNATION & NATURE OF DUTIES	AMOUNT (₹)	QUALIFICATION	EXPE-RIENCE (YEARS)	DATE OF JOINING	PARTICULARS OF PREVIOUS EMPLOYMENT
37	Narayanan Subramanyam	50	Senior Vice President - IT	9838213	B.A, MBA	28	24-Oct-13	IT Director, Global End User Services, Hindustan Unilever Ltd.
38	Naresh Varadarajan	46	Sr. General Manager - Finance & Accounts, Emerging Market	6121568	M.Sc.	16	28-Jun-12	General Manager - Ingersoll-Rand International (India) Ltd
39	Nitesh Chhapru	36	Senior General Manager	6691786	MBA	10	1-Jan-14	Founder Director, The Brahma Innovation Company
40	N Hemanth Menon	44	Divisional Vice President - Finance	11594034	CA	19	1-Aug-12	Whyte&Mackay, UK - Finance Director
41	P A Murali	57	Executive Director & CFO	153092428	B.COM, ACA	34	5-Jul-93	Zonal Accountant - Shaw Wallace & Co Ltd
42	Paramjit Singh Gill	53	President - All India Operations	50782111	B.SC, M.PHIL, DIP IN LABOUR LAW, CHARTERED MARK	32	1-Jul-92	EVP, United National Breweries (SA) (Pty) Limited, Centurion
43	Prashanth M S	42	Divisional Vice President - National Customer Marketing	6484824	BSc; MMS	14	18-Aug-14	Sales Director, Reckitt Benckiser
44	Prabhaharan Viswanathan	44	Executive Vice President - Financial Planning and Reporting/Commercial Finance	29554367	Bachelor of Business (Swinburne University, Australia), CA – Institute of Chartered Accountants Australia	23	1-Aug-14	Finance Director, Diageo India
45	Raja R Peter	56	Assistant Vice President - Sourcing	6128003	BE, PGDBM	18	16-Jul-07	General Manager - Alternate Channels & Marketing Allaiances, Tata Teleservices Ltd
46	R Satsangi	58	Divisional Vice President - Manufacturing	9480956	B.TECH(MECH)	36	19-Feb-96	Plant Manager, Pepsico India Holding, Bangalore
47	R Swaminathan	55	Divisional Vice President - Internal Audit	7499841	M.Sc.	30	10-Jan-94	Corp. Vice President - Internal Audit, United Breweries(Holdings) Ltd
48	Rajesh Fanda	43	Assistant Vice President - Sales	6788645	B.Com, MBA	18	22-Aug-94	T S E, Dr Sabharxal Bluck Drugs Ltd
49	R Chandrashekar	53	Assistant Vice President - Employee Relations	6674932	MA, PGD - PM & IR	28	5-Sep-94	Personnel & Welfare Officer, Mysore Cements Ltd
50	S Ananda Prasad	62	Sr General Manager - Taxation	10646814	B.Com.LL.B.	31	1-Jul-84	Mysore Wine Products Ltd. - Asst Manager Accounts
51	Sanjoy Sarkar	48	Sr General Manager - Finance	6355850	B.Sc., ICWA	23	8-Jul-02	Regional Commercial Manager, General Mills India Pvt Ltd
52	Sanjeev Ganesh	39	Assistant Vice President - Sourcing	7348774	B.Tech, MBA	10	1-Apr-10	Managing Consultant, Aqua Management Consulting Group
53	Sanjeev Khanna	44	Sr General Manager - Marketing	6496210	B.Com, MBA	15	16-Jul-07	Client Services Director, Ogilvy & Mather
54	Shelley Sengupta	39	Assistant Vice President - Insights & Planning	6949867	B.Com.;PG Diploma	14	30-Nov-07	Head of Qualitative Research Division, South, Synovate India
55	Shovan Ganguli	54	Sr. Vice President	12666732	Doctorate	29	25-Feb-13	Hindustan Unilever Limited Platform director-bioscience,nutrition, health
56	S.N. Prasad	57	Sr. Vice President - F&A	14349167	B.COM, ACA, ACS	31	7-Mar-91	Comp Secretary & Internal Auditor, Nutrine Confectionary Ltd
57	Sreenath K V	58	Assistant Vice President	11467493	BCOM	40	1-Apr-12	Steno-Accounts/Clerk-Bombay Paints & Allied Products Ltd
58	S. Satish	55	Assistant Vice President - P & C	11218866	B.COM.	34	21-Jul-89	Accounts Officer, BPL Sanyo Ltd
59	S Sowmiyanarayan	48	Assistant Vice President - Accounts	8735741	B.Com.;PG Diploma - Other	20	5-Jul-95	Ashok Leyland - Accounts Executive
60	S. Suryanarayanan	54	Assistant Vice President - Engineering	8638882	B.SC,B.TECH (MECH)	32	10-Feb-89	Purchase Officer, Sundaram - Clayton Ltd, Hosur
61	S V S V Sastry	53	Divisional Vice President	9366620	B.Sc	28	14-Jun-12	ABD Pvt. Ltd VP South RPC
62	Sridhar B	41	Assistant Vice President - Digital Marketing	7432832	B.COM, PGDBA	11	20-Feb-09	Director Marketing, Sulekha Com
63	S R Ainapur	57	Divisional Vice President	9860676	B.COM, ACA	32	1-Dec-87	Accounts Assistant,Kesarval Beverages Ltd, Goa
64	Sudarshan V Acharya	56	Senior Vice President - Raw Materials, Logistics & Imports	9577650	B.COM., DO-MAT, DIP-LABOUR LAW	33	20-Jan-89	Asst Manager - Purchase, Astra IDL Ltd, Bangalore
65	T. N. Srinivasan	58	Assistant Vice President - Sales	7251994	BA	33	20-Mar-82	Sales Representative, Lion Pencils Pvt Ltd
66	Unnati Sinha	48	Sr Vice President - Marketing	20711490	B.SC, MBA, DIP IN B M	24	14-Nov-11	Sales & Marketing Head- Colgate Palmolive
67	Vineet Chhabra	50	Chief Operating Officer - Emerging Markets	31950654	B.COM, CA	22	15-Jun-11	CEO - Global Green
68	Vineet Kumar Kapila	54	Chief Operating Officer - RPC North	31718336	B.Com, PDGM	30	30-Nov-12	President & CEO- Spencers Retail
69	V S Venkataraman	61	Executive Vice President	20870559	BCOM, ACS	43	20-Aug-82	Deputy Company Secretary, United Breweries Ltd
70	Vivek Prakash	55	Chief Operating Officer - CSD	20922101	B.COM, LLB, MBA	33	15-Jun-98	DY General Manager - Shaw Wallace & Co Ltd
71	Vikram Jain	40	Assistant Vice President - Sales	6801861	B.Com, MBA	10	19-Jan-09	Senior Manager, Pernod Ricard
72	V. Murali	53	Assistant Vice President - Manufacturing	9333694	MEPGDBA	25	1-Oct-90	McDowell&Co. Ltd./Carew Phipson Ltd.
73	William Devadass	47	Assistant Vice President Key Accounts - Commercial	7184808	B.Com.	23	25-Oct-06	Seagram Manufacturing Ltd

Part of the year

SL. No	EMP NAME	AGE	DESIGNATION & NATURE OF DUTIES	AMOUNT (₹)	QUALIFICATION	EXPE-RIENCE (YEARS)	DATE OF JOINING	PARTICULARS OF PREVIOUS EMPLOYMENT
1	Ajay Kumar	57	General Manager - Quality Assurance	6651210	BSc	32	2-Mar-83	NA
2	Amarpreet Singh Anand	39	Divisional Vice President - Innovation	4209286	PGDM	14	2-Feb-15	Mondelez International Ltd
3	Anand Kripalu	57	Manging Director & Chief Executive Officer	85534861	B.Tech, PGDM	30	1-May-14	Managing Director, Cadbury India Ltd
4	Anant Iyer	55	Chief Operating Officer - East	7984313	M.SC., M.M.S.	31	15-Jun-92	Controller Marketing, Consolidated Distilleries Ltd
5	Chandra Bhushan Srivastava	58	Divisional Vice President - SALES	9183715	B.Sc.	37	8-Aug-11	RPC Head Allied Blenders and Distilleries
6	Deepak Kumar Katty	51	DVP - SALES TRANSFORMATION	3688683	MBA	26	28-Oct-14	Pernod Ricard
7	Mamta Sundara	38	General Counsel	1753433	LLB	12	15-Feb-15	Senior Counsel - India Projects, Diageo India Pvt Ltd
8	M A Hameed	59	Assistant Vice President - Sales	7373121	B.Com	34	1-Apr-03	Seagram Manufacturing Ltd
9	Mohan P Medeira	58	Sr General Manager - Logistcs	3779706	BSC, PGDSM, DBMM	33	17-Apr-84	-
10	Nafisa Joseph	36	Special Assistant	6415486	B. Com.	6	2-Mar-09	Hirco Development Pvt Ltd. Executive Assistant
11	Nandini Verma	61	Executive Vice President - Corporate Affairs	16350023	BA HONOURS, IFDAF	43	13-Apr-07	VP - Corporate Affairs & Pr, Jet Airways
12	N R Rajsekher	59	Chief Operating Officer - South & AP	17629142	B.SC, PGCPM - IIM	36	8-Apr-82	VP Sales Erstwhile Swdl
13	Padmanabhan N R	59	Assistant Vice President	5217502	B.Com.Bachelors Degree - Others	34	1-Oct-06	Herbertsons
14	Prathmesh Mishra	45	Chief Operating Office - RPC West & CSD	20230285	PGDM, BA	17	18-Jun-14	Pernod Ricard
15	Rajan D Salvi	58	Assistant Vice President - SPECIAL PROJECTS	9467451	M.Sc.;PGDBM	33	1-Aug-11	Milly Glass Works Group General Manager
16	Sanjay Raina	50	Executive Vice President - Human Resources	35529618	MSW - PERSONNEL MGMT	28	19-Nov-08	Motorola Inda Pvt Ltd, Head HR - Network, Supply Chain - India & ER - SE Asia
17	Sharma V K	72	Executive Director - Chairmans Office	6499934	B.SC (NDA), PGDBM & IA	41	5-Oct-84	Executive Director - Chairman's Office Erstwhile Herbertsons Limited
18	Sharma C K	58	Sr General Manager - Corporate	2916349	MBA, PGDBM	35	1-Apr-89	Branch Manager at National Herald Newspaper
19	Steve Correa	50	Executive Vice President - HR	14393677	B.Com, MBA, LLB	25	5-Sep-14	Chief Human Resource Officer, Reliance Jio Infocomm Limited

Annexure 7: Risk Management

RISK MANAGEMENT

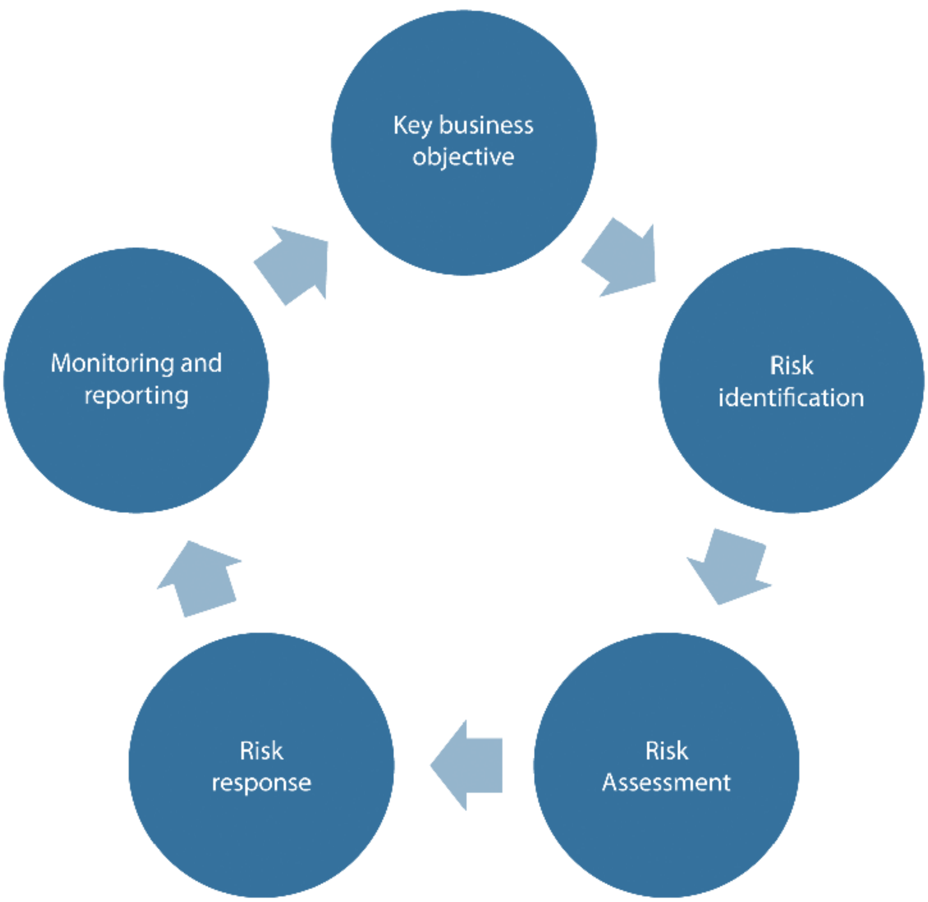
Overview:

Our Enterprise Risk Management (ERM) framework encompasses practises relating to the Identification, Assessment & Response, Monitoring and Mitigation of Strategic, Financial, Operational, Reputational, Compliance, Fraud and other Risk. Our methodology for assessing risk is designed to promote an insightful discussion that results in effective mitigation planning and positive business performance outcomes. Our risk management objectives are to

- Avoid damage to our reputation
- Take appropriate risk for appropriate return
- Prioritise effectively between different risks
- Demonstrate good Corporate governance by managing risk

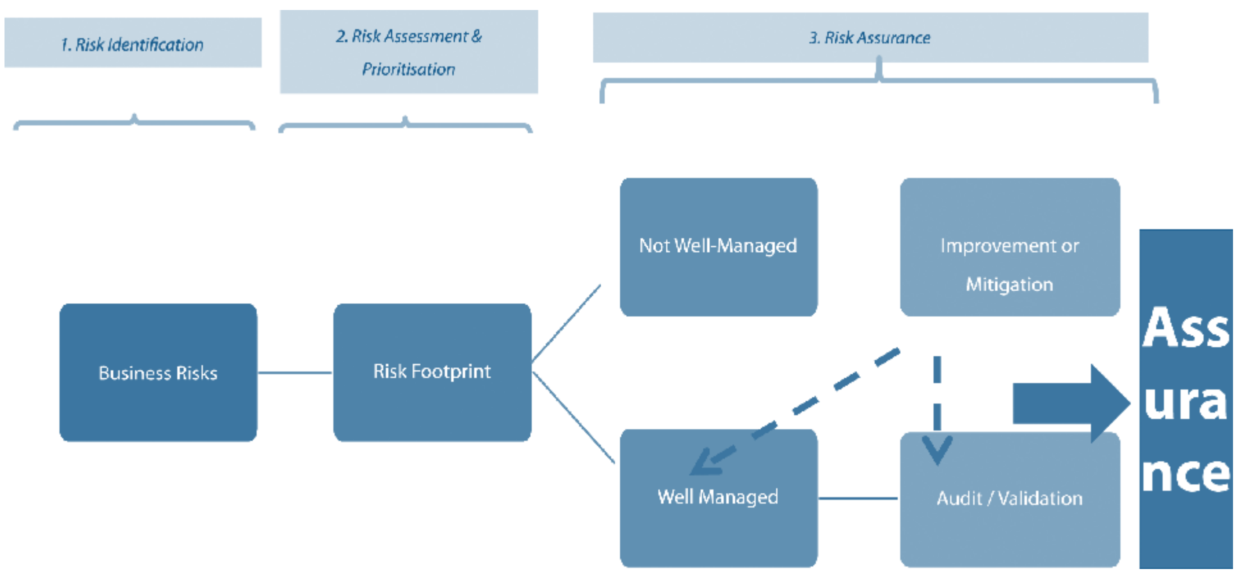
Key Components of USL risk management framework:

A. Risk management process



B. Risk Management Governance

How USL manages Risk :



Risk management highlights for the year:

We have carried out following activities to identify, monitor and mitigate impact of risk

- Risk Management Committees formed at regional level headed by regional chief operating officer and functional heads.
- Training and capability building sessions conducted to the key personnel at the regions to develop robust integrated risk management process in our business model
- Periodic assessment of risk, their potential impact on key business objective is being conducted.
- Progress of mitigation action, response and their effectiveness are reviewed in the Regional Risk Management Committee Meetings.
- National Risk Management Committee formed and is Chaired by the Managing Director and Functional Directors/Heads.
- Risk assessment of our business strategies was conducted and actions were reviewed.
- Assessed top risks through the risk indicators, exposure & potential impact analysed and assessment of progress of mitigation action conducted.
- Evaluated direct and indirect economic impacts in the regions we operate.
- Risk due to adverse developments in the regulatory environment that could potentially impact our business objectives is assessed for action.

Our risk management process drives better commercial decisions, creating a growing, resilient and sustainable business. Looking forward, our risk management shall continue to play key role in maximising the chances of achieving the objective by understanding, evaluating and addressing the risk.

Annexure 8: Corporate Social Responsibility (CSR)

THE ANNUAL REPORT ON CSR ACTIVITIES

1. Outline of the Company's CSR policy.

   CSR Strategy of the Company supports our ambition to become the best performing, most trusted and respected consumer products company in India and the world. USL recognizes that its business activities directly affect the lives of millions of people around the world. We believe that the communities in which we operate should benefit from our presence. We will integrate our corporate social responsibility into our core business to create value for society and our shareholders. The programs encompass the following three areas:

   a) Alcohol and social responsibility
   b) Women empowerment
   c) Sustainability

   The Company's CSR Policy is available at www.unitedspirits.in.

2. The composition of the CSR Committee.

   The composition of the CSR Committee is as stated in the Corporate Governance Report.

3. Average net profit of the Company for the last three financial years

	₹ in Million		
Particulars	**FY 14-15**	**FY 13-14**	**FY 12-13**
Profits / (loss) for CSR Computation	(673)	(7,064)	5,001

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)
   Nil

5. Details of CSR spent during the financial year.

   a. As the average net profit of the last three years has resulted in a loss, there was no mandatory requirement to spend on CSR activities during the financial year.
   b. Amount unspent, if any: - Not applicable.
   c. Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads: (₹)	Cumulative expenditure up to the reporting period (₹)	Amount spent: Direct or through implementing agency *
1	Partnering the Government Programme in Nanded for Desilting of Dams	Item (iv) of Schedule VII to the Act: ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.	Karkheli, Yetala & Jarikot Villages in Nanded District in the state of Maharashtra	NA	5.70 lakhs	5.70 lakhs	Implemented through Pioneer Distilleries Limited
2	Provided relief materials to the 500 families of Village Thallapalem in the form of food and water to help combat the devastation left in the wake of cyclone Hudhud.	Item (i) of Schedule VII to the Act: eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Thallapalem village in Visakhapatnam District in the State of Andhra Pradesh	NA	2.40 lakhs	2.40 lakhs	Implemented through Tern Distilleries Private Limited
	TOTAL				**8.10 lakhs**	**8.10 lakhs**	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: Not applicable.

7. Responsibility statement of the CSR committee.

We hereby declare that implementation and monitoring of CSR activities, is in compliance with CSR objectives and Policy of the company. Though during the year, there was no requirement to spend due to the average net profit of the last three years having resulted in loss, Company has still met its social objectives by spending on CSR Activities.

Mr Sudhakar Rao
Chairman of the CSR Committee

Mr Anand Kripalu
Managing Director and CEO

Bangalore
September 23, 2015

Annexure 9: Energy Conservation, Technology Absorption & Foreign Exchange

Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outflow

(Section 134(3)(m) of the Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014)

A) Conservation of energy:

With reference to energy conservation, steps taken by the Company at its various manufacturing units were as under:

- Energy conserving turbines were installed to maximize the steam utilization in Malt Spirit plants.
- Installation of multi extract turbines is being planned to maximize in-house power generation.
- Retrofitting of boiler for usage of alternate fuels is being carried out.
- Started recycling the treated effluent through Reverse Osmosis (RO) plant to reduce water usage.
- Installation of system to recover heat from Biogas engine exhaust is being planned.

(B) Technology absorption:

- Adopted and implemented technology to achieve Zero Liquid Discharge at own distilleries, as per Statutory norms: Many of which have been commissioned & some are in the process of being commissioned.
- Online system for stack and effluent monitoring is being implemented, as per the Statutory compliance requirement.
- System for remote monitoring of utilities is being implemented to have better control and achieve improvement in efficiencies.
- Adopted use of latest improved enzymes and yeasts to enhance yield, quality and efficiency of Malt Spirit.
- Planning to implement 'Bio Gas Engines' for utilizing Methane Gas, produced in Anaerobic Digester and generating captive power for running distilleries.

(C) Foreign exchange earnings and Outgo –

Foreign exchange earnings	₹ in Millions
Export of goods and services on FOB basis	1404.46
Dividend income from subsidiary	14.81
Income from brand franchise	53.46
TOTAL	**1472.73**

Foreign exchange outgo	₹ In Millions
Advertisement	423.145
Rent	143.635
Professional Fees	75.952
Others (Subscription, foreign travel, bank charges, finance charges etc.)	369.150
TOTAL	**1011.882**

Independent Auditor's Report

To the Members of United Spirits Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of United Spirits Limited ("the Company"), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Basis for Qualified Opinion

1. As stated in Notes 26 (a) and (e) to the financial statements, during the year ended 31 March 2014, certain parties who had previously given the required undisputed balance confirmations for the year ended 31 March 2013, claimed in their balance confirmations to the Company for the year ended 31 March 2014 that they had advanced certain amounts to certain alleged UB Group entities and that the dues owed by such parties to the Company would, to the extent of the amounts owing by such alleged UB Group entities to such parties in respect of such advances, be paid / refunded by such parties to the Company only upon receipt of their dues from such alleged UB Group entities. These dues of such parties to the Company were on account of advances by the Company in the earlier years under agreements for enhancing capacity, obtaining exclusivity and lease deposits in relation to Tie-up Manufacturing Units ("TMUs"); agreements for specific projects; or dues owing to the Company from customers. In response to these claims, under the instruction of the Board of Directors of the Company ("Board"), a preliminary internal inquiry was initiated by the Management. Based on the findings of the preliminary internal inquiry by the Management, under the instructions of the Board; and Management's assessment of recoverability, an aggregate amount of ₹6,495.5 million (including interest claimed) was provided in the financial statements for the financial year ended 31 March 2014 and was disclosed as prior period items. During the year ended 31 March 2015, an additional provision of ₹216 million was made for interest claimed during the year. The Company has not made provision for any unclaimed interest on these amounts.

   During the year ended 31 March 2014, the Board had also directed a further detailed and expeditious inquiry in relation to the above matter, the role of individuals involved and potential non-compliance (if any) with the provisions of the Companies Act, 1956 and other regulations applicable to the Company in relation to such transactions, and the possible existence of any other transaction of a similar nature ("Inquiry"). While the Inquiry has since been completed, with regard to the possible existence of any other transaction of a similar nature, the Inquiry identified references to certain additional parties ("Additional Parties") in various documents, which documents dealt with transactions involving the counterparties referred to above. The Inquiry also identified certain additional matters ("Additional Matters") where the documents identified concerns as to the propriety of the underlying transactions.

   Based on its current knowledge, the Management believes that the provisions made with respect to the above matters are adequate and no additional material adjustments are likely to be required in relation thereto. The Board has directed the Management to expeditiously review the Additional Matters and transactions with the Additional Parties and report to the Board on Management's conclusions on the transactions and any further impact on the Company's financial statements. Pending such review of the Additional Matters and transactions with Additional Parties, we are unable to comment on the nature of these transactions; the provisions established; or any further impact on the financial statements including the impact on the opening balances for the year. Further, pending resolution of the above disputes, we are unable to comment on whether the provision established for interest is appropriate.

2. As stated in Note 24(d) to the financial statements, as per the requirements of the equity listing agreements entered into by the Company with various stock exchanges in India and various circulars and regulations issued by the Securities and Exchange Board of India ("SEBI") and applicable provisions of the Act, the Company sought approval of its equity shareholders for certain agreements in the extraordinary general meeting ("EGM") held on 28 November 2014. Some of the agreements, as detailed in the aforesaid note, were not approved by the equity shareholders in the aforesaid EGM. The Company has sought clarification/direction from SEBI with respect to the implications arising from the non-approval of the said agreements. Pending the clarification/direction from the SEBI, during the year ended 31 March 2015, the Company has recognised the underlying expenses pursuant to these agreements up to 28 November 2014 aggregating ₹1,357 million. The Company has not recognised charges arising out of non-approved agreements aggregating ₹486 million for the period from 29 November 2014 to 31 March 2015 and has disclosed the same as contingent liability. Further, subsequent to 28 November 2014, in response to the letters received by the Company from some of the concerned counterparties, the Company has made payments amounting to ₹74 million to such counterparties with respect to the dues for services received prior to 28 November 2014 specifically stating that the said amounts would be refundable to the Company if it is determined that such amounts were not payable by the Company in view of the shareholders not having approved the respective agreements. Pending the resolution of this matter, we are unable to comment on the accounting treatment of the expenses under the agreement, balance due to/from the respective counterparties and any other implications resulting from such non-approval.

3. As stated in note 45 to the financial statements, the Managerial remuneration for the year ended 31 March 2015 aggregated ₹65 million and ₹153 million towards remuneration of the Managing Director and Chief Executive Officer (MD & CEO) and the Executive Director and Chief Financial Officer (ED & CFO) respectively. The aforesaid amounts includes remuneration in excess of the limits prescribed under the provisions of Schedule V to the Act. The Company is in the process of obtaining the requisite approval from the Central Government for such excess remuneration. In the absence of the required approval, we are unable to assess the impact of such excess remuneration on the financial statements of the Company.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its loss and cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

1. Note 26(b) to the financial statements, which states that, during the year ended 31 March 2014, various pre-existing loans / advances / deposits (together with interest) due from United Breweries (Holdings) Limited ("UBHL") by the Company and its subsidiaries aggregating ₹13,374 million on 3 July 2013, were consolidated into a single loan agreement dated 3 July 2013 entered into between the Company and UBHL. As per the terms of the said loan agreement, an amount of ₹1,911 million (gross of tax) was payable by UBHL to the Company towards the interest payable as of January 2015. However, the Company is yet to receive such interest payment from UBHL. The Company has received a letter from UBHL stating that it is involved in litigations with various creditors of Kingfisher Airlines in different Courts all over the country, and that some of the winding up petitions filed against UBHL have been admitted by the High Court of Karnataka. As a result of the above and other relevant factors, during the year ended 31 March 2015, the Company has provided the remaining principal balance of the loan aggregating ₹9,955 million (in addition to the ₹3,303 million that was provided for during the year ended 31 March 2014) and has not recognized interest income of ₹1,207 million (previous year: 963 million);

2. Note 29(i) to the financial statements, wherein it is stated that Tern Distilleries Private Limited, a wholly-owned subsidiary of the Company ("TERN") will be amalgamated with the Company pursuant to a Draft Rehabilitation Scheme and applicable provisions of Sick Industrial Companies (Special Provisions) Act, 1985 with the appointed date 1 April 2013 ("TERN Scheme"). The entire operations of TERN comprise transactions with the Company. The net impact on the stand-alone financial performance of the Company from such amalgamation is expected to be insignificant when effected. The equity shareholders of the Company approved the TERN Scheme at their EGM held on 18 March 2014 and the approval by the Board for Industrial and Financial Reconstruction is awaited. Pending approval of the TERN Scheme, no effect has been given in the financial statements;

3. Note 29(ii) to the financial statements, wherein it is stated that SW Finance Company Limited, a wholly-owned subsidiary of the Company will be amalgamated with the Company with the appointed date 1 January 2014 ("SWFCL Scheme") pursuant to the applicable provisions of the Companies Act, 1956, and subject to the sanction of the Honourable jurisdictional High Courts/any such competent authority. The accounting for the above amalgamation shall be done upon receiving the necessary sanctions / approval from various regulatory authorities including the Registrar of Companies. Upon the SWFCL Scheme becoming effective, SWFCL

will stand merged with the Company. Pending approval of the SWFCL Scheme, no effect has been given in the financial statements;

4. Note 25(a) to the financial statements, wherein it is stated that during the year ended 31 March 2014, the Company decided to prepay credit facilities availed from a bank amounting to ₹6,217 million secured by assets of the Company and pledge of shares of the Company held by the USL Benefit Trust. The Company deposited a sum of ₹6,280 million including prepayment penalty of ₹40 million with the bank and instructed the bank to debit the amount from the cash credit account towards settlement of the loan and release the assets / shares pledged by the Company. The bank, however, disputed the prepayment and continues to debit the account towards the instalments and interest as per the loan agreement. The Company has disputed the same and a case is pending before the Honourable High Court of Karnataka. On 31 March 2015, the bank demanded an amount of ₹474 million towards principal and interest on the said loan. The Company has sought for a stay from the Honourable High Court of Karnataka with respect to the aforesaid demand. Pending settlement with the bank, the loan amount and balance available in cash credit account is presented on net basis in the financial statements as at 31 March 2015;

5. Note 30 to the financial statements, wherein it is stated that (i) the Company has received a notice from the Ministry of Corporate Affairs for an inspection, under section 206(5) of the Act, of the books of accounts and other books and papers of the Company; (ii) the Company has received a notice under Section 131 of the Income Tax Act, 1961; and (iii) the Company has received letters from erstwhile auditors who served as the Company's statutory auditors during the period covered by the Inquiry, seeking to understand the impact of the findings of the Inquiry on their respective audit reports;

6. Note 26 to the financial statements, wherein it is stated that the Inquiry noted certain regulatory non-compliances with respect to the Companies Act, 1956, the listing agreement with the stock exchanges in India and other regulations as mentioned in the said note, and that the financial impact of these non-compliances on the Company were estimated by Management to be not material; and

7. Note 28 to the financial statements, wherein it is stated that during the financial year ended 31 March 2015, based on the reasons mentioned in the said note, the Company has reassessed the recoverability of the loans and advances to and investments in certain subsidiaries. The Company has thus provided for amounts aggregating ₹3,544 million and ₹3,618 million with respect to loans, advances and investments in relation to these subsidiaries respectively.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the order to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   (a) except for the matters described in the Basis for Qualified Opinion paragraph above, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

   (d) except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) the matters described in the Basis for Qualified Opinion paragraph above, and the matters described in sub-paragraphs (1), (6) and (7) of the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

   (f) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above; and

   (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 25(a), 33(b) and 50 to the financial statements;

      b. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 49 to the financial statements;

      c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number: 104315

Place: Mumbai
Date: 27 May 2015

Annexure to the Independent Auditor's Report

Annexure referred to in Paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2015.

We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets have been physically verified during the year and no material discrepancies were observed on such verification.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management.

(b) The procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanation given to us, the Company has granted loans to eleven companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ('the Act'). These loans includes loan to United Breweries (Holdings) Limited ("UBHL") by way of conversion of certain pre-existing loans / advances / deposits due to the Company and its subsidiaries (refer Paragraph 1 under 'Emphasis of Matter').

Further, as stated in Note 26, the Board had directed a detailed and expeditious inquiry in relation to certain transactions identified during the year ended 31 March 2014. The Inquiry stated that between 2010 and 2013, funds involved in many of these transactions were diverted from the Company and/or its subsidiaries to certain UB Group companies, including in particular, Kingfisher Airlines Limited ("KFA"), which is a party covered in the register maintained under Section 189 of the Act.

Additionally, pending the completion of the review of the Additional Matters and transactions with Additional Parties identified through the Inquiry as disclosed in Paragraphs 1 under 'Basis for Qualified Opinion', we are unable to comment whether any such arrangements represent transactions with any body corporate covered in the register maintained under Section 189 of the Act.

(a) As stated in Paragraph 2 under 'Basis for Qualified Opinion', in the case of the loan granted to UBHL, a company covered in the Register maintained under Section 189 of the Act, the loan agreement was not approved by the Equity Shareholders in the Extraordinary General Meeting held on 28 November 2014. We have been informed by the Management that, the Company has sought clarification/ direction from the SEBI with respect to the implications arising from the non-approval of the said agreement. The Company is evaluating steps for recovery of the loan. Further, as stated in Paragraph 1 under 'Emphasis of Matter', the Company has not received the first instalment of interest amounting to ₹1,911 million (gross of tax) with respect to the loan. No interest has been received on this loan to date. The loan has been fully provided for in the financial statements.

With respect to loans given to other companies, firms or other parties covered in the Register maintained under Section 189 of the Act, the principal and interest are repayable either on demand or the repayment terms are not stipulated. According to the information and explanation given to us, we understand that no amounts were demanded by the Company during the year.

(b) According to information and explanation provided to us, the Company is evaluating the required steps for the recovery of the principal and interest due in respect of the loan granted to UBHL. Further, as stated in Note 26(a), the Company is also in the process of initiating recovery proceedings with respect to the funds that may have been diverted from the Company and/or its subsidiaries to certain UB Group companies.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

(v) In our opinion, and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder (as applicable) with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the products manufactured by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service-tax, Duty of customs, Duty of excise, Value added tax and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect Provident fund, Employee State Insurance, Income-tax, Sales-tax, Wealth tax, Service-tax, Duty of customs, Duty of excise, Value added tax and any other material statutory dues were in arrears, as at 31 March 2015, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, dues of Income-tax, Sales-tax, Wealth tax, Service tax, Duty of customs, Duty of excise and Value added tax that have not been deposited on account of any dispute are stated in Appendix 1.

(c) According to the information and explanations given to us, the amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules framed thereunder has been transferred to such fund within time.

(viii) The accumulated losses of the Company at the end of the year are not less than fifty percent of its net worth. The Company has incurred cash losses in the current and previous financial year.

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to a bank or to any financial institution except that in case of loans due to banks, principal amounting to ₹25.78 million and interest aggregating ₹69.24 million were repaid with a delay of upto 1 day and 5 days, respectively. The Company did not have any outstanding debentures during the year.

(x) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

(xi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company and applied during the year were for the purpose for which they were raised.

The Inquiry referred to in Paragraph 1 of the 'Basis for Qualified Opinion' and Paragraph 1 of the 'Emphasis of Matter', stated that certain funds were diverted to other UB Group entities in earlier years. Such diversions may indicate application of term loans for purposes other than for which they were raised.

(xii) (a) As stated in Note 26 and Paragraph 1 of the Basis for Qualified Opinion, the Board had directed a detailed and expeditious inquiry in relation to certain transactions identified during the year ended 31 March 2014. The Inquiry stated that between 2010 and 2013, funds involved in many of these transactions were diverted from the Company and/or its subsidiaries to certain UB Group companies. The Inquiry Report also indicated that the manner in which certain transactions were conducted, prima facie, indicates various improprieties and legal violations.

(b) As stated in Note 26(b), with regard to the prior transactions that were consolidated into the single loan due from UBHL on 3 July 2013, the Inquiry stated that, *prima facie*, between 2010 and July 2013, certain transactions appear to have been undertaken and certain accounting entries appear to have been made to show a lower exposure of the Company to UBHL than that which actually existed at that time. The inquiry also indicates that the manner in which these transactions were conducted and these entries made, *prima facie*, indicates various improprieties and legal violations.

(c) As discussed in Note 26(c), the Inquiry indicated that an agreement signed with an Alleged Claimant for a lien on certain investments of the Company, to secure an advance by the Alleged Claimant to KFA, was entered into without appropriate Board authorisation or approval.

We have submitted a report under Section 143(12) of the Companies Act, 2013 and the relevant rules thereunder, seeking the Audit Committee's reply/observations to the matters listed in (a) to (c) above. As at the date of this report, we are awaiting a reply/observations from the Audit Committee.

Additionally, pending the completion of the review of the Additional Matters and transactions with Additional Parties identified through the Inquiry as disclosed in Paragraph 1 under 'Basis for Qualified Opinion', we are unable to comment whether any arrangements covered by such review can be termed as 'fraud' and whether there are other instances of a similar nature.

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number: 104315

Place: Mumbai
Date: 27 May 2015

Appendix 1 to the Annexure to the Auditor's report

Name of the Statute	Nature of dues	Disputed demand (Rs. in million)	Paid (Rs. in million)	Unpaid (Rs. in millions)	Periods to which the amount relates to	Forum where the dispute is pending
The Income-tax Act, 1961	Income Tax	5,434.380	5,446.671	0.102	Assessment years – 2006-07 to 2009-10	Income Tax Appellate Tribunal
The Income-tax Act, 1961	Income Tax	3,629.576	3,504.909	124.667	Assessment years – 2004-05, 2010-11, 2011-12	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise Duty	1.834	–	1.834	1991-92	Deputy Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	0.534	–	0.534	1994-95	Commissioner of Central Excise
Central and Respective State Sales Tax Acts	Sales Tax / Value Added Tax	8.965	–	8.965	2003-04, 2004-05, 2006-07 to 2010-11	Additional Commissioner
Central and Respective State Sales Tax Acts	Sales Tax / Value Added Tax	4.894	–	4.894	1993-94, 2003-04 to 2005-06	Appellate and Revisional board
Central and Respective State Sales Tax Acts	Sales Tax / Value Added Tax	96.850	10.717	86.133	1982-83 to 1985-86, 1992-93, 1994-95 to 2000-01, 2013-14	Appellate Tribunal
Central and Respective State Sales Tax Acts	Sales Tax / Value Added Tax	20.835	–	20.835	1994-95 to 1996-97, 2009-10	Assistant Commissioner
Central and Respective State Sales Tax Acts	Sales Tax / Value Added Tax	26.149	1.518	24.631	1993-94 to 1997-98, 2010-11 to 2013-2014	Commercial Tax Officer
Central and Respective State Sales Tax Acts	Sales Tax / Value Added Tax	1,103.586	–	1,103.586	1978-79, 1980-81, 1981-82, 1984-85, 1985-86, 2008-09	Commissioner
Central and Respective State Sales Tax Acts	Sales Tax / Value Added Tax	252.633	9.854	242.779	1985-86, 2007-08 to 2013-14, 2015-16	Deputy Commissioner
Central and Respective State Sales Tax Acts	Sales Tax / Value Added Tax	91.398	18.097	73.301	1982-83, 1988-89, 1989-90, 1992-93, 1996-97 to 1997-98, 1999-00, 2001-02, 2007-08, 2009-10 to 2011-12	High Courts
Central and Respective State Sales Tax Acts	Sales Tax / Value Added Tax	60.803	21.249	39.554	1990-00 to 2002-03, 2008-09, 2012-13	Joint Commissioner
Central and Respective State Sales Tax Acts	Sales Tax / Value Added Tax	17.000	14.386	2.614	2007-08	Supreme Court
Service Tax - Finance Act, 1994	Service Tax	266.198	–	266.198	2004-05 to 2006-07, 2009-10, 2010-11	CESTAT
Service Tax - Finance Act, 1994	Service Tax	1.872	–	1.872	2004-05	High Courts
Central and Respective State Sales Tax Acts	Entry Tax	7.403	–	7.403	2007-08	Additional Commissioner

Appendix 1 to the Annexure to the Auditor's report

Name of the Statute	Nature of dues	Disputed demand (₹ in million)	Paid (₹ in million)	Unpaid (₹ in millions)	Periods to which the amount relates to	Forum where the dispute is pending
Central and Respective State Sales Tax Acts	Entry Tax	11.558	–	11.558	2005-06	Appellate and Revisional board
Central and Respective State Sales Tax Acts	Entry Tax	139.510	22.767	116.743	1987-88, 2004-05, 2007-08	Appellate Tribunal
Central and Respective State Sales Tax Acts	Entry Tax	33.670	1.600	32.070	1984-86, 2005-06	High Courts
Central and Respective State Sales Tax Acts	Entry Tax	7.118	1.00	6.118	2007-10	Joint Commissioner
Central and Respective State Sales Tax Acts	Entry Tax	102.411	5.433	96.978	2003-04 to 2010-11	Supreme Court
Respective State Excise Acts	State Excise	66.09	–	66.09	1983-84, 2001-02, 2002-03	Additional Commissioner
Respective State Excise Acts	State Excise	8.977	–	8.977	1993-94, 1997-98	Additional District Magistrate
Respective State Excise Acts	State Excise	23.638	0.191	23.447	1998-99 to 2001-02, 2003-04 to 2007-08, 2013-14	Appellate Tribunal
Respective State Excise Acts	State Excise	25.367	–	25.367	1981-84, 1992-93 to 1998-99	Civil Courts
Respective State Excise Acts	State Excise	0.996	–	0.996	1994-95, 2013-14	Collector
Respective State Excise Acts	State Excise	293.740	7.264	286.476	1974-75 to 1989-90, 1991-92, 1993-94 to 1998-99, 2003-04 to 2007-08, 2011-12, 2013-14, 2014-15	Commissioner
Respective State Excise Acts	State Excise	0.148	–	0.148	1992-93	Deputy Excise Commissioner, Serampore
Respective State Excise Acts	State Excise	1.790	0.091	1.699	1994-95	District Magistrate and Collector
Respective State Excise Acts	State Excise	553.293	98.657	454.636	1963-64, 1972-73, 1973-74, 1983-84 to 2011-12, 2013-14, 2014-15	High Courts
Respective State Excise Acts	State Excise	1.593	0.180	1.413	1986-87, 1992-93, 1997-98, 1998-99	Superintendent
Respective State Excise Acts	State Excise	1,165.00	–	1,165.000	1970-71, 1971-72, 1983-84, 1999-00	Supreme Court

The above appendix does not include cases where the respective authorities have appealed against orders passed in favour of the Company.

Balance sheet

₹ Million

	Note	As at 31 March 2015	As at 31 March 2014
Equity and liabilities			
Shareholders' funds			
Share capital	2	1,453.277	1,453.277
Reserves and surplus	3	17,967.460	36,691.591
		19,420.737	**38,144.868**
Non-current liabilities			
Long-term borrowings	4.1	15,095.105	13,589.399
Other long-term liabilities	4.2	439.198	643.656
Long-term provisions	4.3	661.072	563.756
		16,195.375	**14,796.811**
Current liabilities			
Short-term borrowings	5.1	36,213.249	32,985.672
Trade payables	5.2	7,180.091	11,730.929
Other current liabilities	5.3	8,686.217	9,188.247
Short-term provisions	5.4	2,483.716	1,457.250
		54,563.273	**55,362.098**
		90,179.385	**108,303.777**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	6.1	10,679.159	11,861.625
Intangible assets	6.2	14.919	21.015
Capital work-in-progress		645.485	496.109
		11,339.563	**12,378.749**
Non-current investments	7	4,303.641	8,089.731
Deferred tax assets (net)	8	873.094	545.559
Long-term loans and advances	9	27,060.442	36,982.025
Other non-current assets	10	1.300	1.300
		32,238.477	**45,618.615**
Current assets			
Current investments	11.1	1,207.077	1,206.578
Inventories	11.2	15,542.388	15,354.036
Trade receivables	11.3	17,454.781	17,135.771
Cash and bank balance	11.4	2,396.852	4,972.903
Short-term loans and advances	11.5	9,128.167	11,636.378
Other current assets	11.6	872.080	0.747
		46,601.345	**50,306.413**
		90,179.385	**108,303.777**
Significant accounting policies	1		
See accompanying notes to financial statements			

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number:104315

Place: Mumbai
Date: 27 May 2015

for **and on behalf of the Board of Directors**

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director & CEO

Vinod Rao
Head of Finance

Mahendra Kumar Sharma
Director

V. Ramachandran
Company Secretary

Place: Mumbai
Date: 27 May 2015

Statement of profit and loss

₹ Million

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue			
Revenue from operations	12	2,05,025.353	2,07,348.767
Less: Excise duty		1,25,508.944	1,23,085.314
		79,516.409	**84,263.453**
Other operating income	13.1	976.878	902.471
Other income	13.2	1,599.839	1,489.053
Total		**82,093.126**	**86,654.977**
Expenses			
Cost of materials consumed	14	35,782.310	44,775.022
Purchase of stock-in-trade		12,110.254	7,926.464
Change in inventories of finished goods, work-in-progress and stock-in-trade	15	(205.042)	(2,309.713)
Employee benefits expense	16	6,185.013	5,644.410
Finance costs	17	5,929.645	6,129.997
Depreciation and amortisation expense	6	1,097.395	855.025
Other expenses	18	21,758.264	30,699.325
(includes prior period expenditure of ₹ Nil (2014 ₹6,495.480 Million) Refer note 26(a))			
Total		**82,657.839**	**93,720.530**
Loss before exceptional items and taxation		**(564.713)**	**(7,065.553)**
Less: Exceptional items (net)	19	18,716.681	43,216.262
Loss before taxation		**(19,281.394)**	**(50,281.815)**
Tax expense:			
Current tax		605.140	1,350.223
Reversal of tax relating to earlier years		(36.374)	(384.038)
Deferred tax credit		(285.413)	(219.781)
Loss for the year		**(19,564.747)**	**(51,028.219)**
Basic and diluted earnings per share (Face value of ₹10 each)	20	(134.62)	(356.60)
Significant accounting policies	1		
See accompanying notes to financial statements			

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number:104315

Place: Mumbai
Date: 27 May 2015

for and on behalf of the Board of Directors

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director & CEO

Vinod Rao
Head of Finance

Mahendra Kumar Sharma
Director

V. Ramachandran
Company Secretary

Place: Mumbai
Date: 27 May 2015

Cash flow statement

₹ Million

	For the year ended 31 March 2015		For the year ended 31 March 2014	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Loss before taxation		(19,281.394)		(50,281.815)
Adjustments for				
Depreciation and amortisation expense	1,097.395		855.025	
Bad debts and advances written off	6.548		27.444	
Loss / (profit) on sale of fixed assets (net)	(4.572)		1.633	
Loss on sale of investments	108.464		–	
Provision for doubtful debts / advances / deposits	11,088.599		10,127.475	
Provision for diminution in the value of investments in subsidiaries and advances to subsidiaries	9,010.120		43,216.262	
Interest expense and debt issue costs	5,929.645		6,129.997	
Guarantee commission received	–		(223.743)	
Unrealised foreign exchange (gain) / loss	407.515		(293.371)	
Liabilities no longer required written back	(105.750)		(131.276)	
Bad debts and advances recovered	(4.137)		(65.635)	
Dividend income	(24.210)		(39.888)	
Profit on sale of manufacturing unit	(356.500)		–	
Interest Income	(1,459.069)	25,694.048	(853.153)	58,750.770
Operating profit before working capital changes		6,412.654		8,468.955
(Increase) / decrease in trade receivables	(1,453.916)		(1,969.264)	
(Increase) / decrease in other receivables	76.306		(4,865.529)	
(Increase) / decrease in inventories	(514.128)		(2,139.444)	
Increase / (decrease) in trade and other payables	(2,353.025)	(4,244.763)	(1,704.722)	(10,678.959)
Cash generated / (used in) from operations		2,167.891		(2,210.004)
Income taxes paid (net)		(1,202.602)		(1,629.894)
Cash generated / (used in) from operations		965.289		(3,839.898)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(1,310.652)		(1,406.559)	
Proceeds from sale of fixed assets	4.659		14.113	
Consideration paid on acquisition of shares in a subsidiary	–		(355.988)	
Proceeds from disposal of shares in subsidiaries (net of expenses)	60.261		–	
Proceeds from sale of current investments	–		8.252	
Movement in other bank balances	452.533		79.224	
Loans given to related parties	(4,259.157)		(10,670.699)	
Repayment of loans from related parties	2,548.480		3,922.864	
Interest received	454.454		323.306	
Guarantee commission received	–		223.743	
Proceeds from sale of manufacturing unit (excluding balance consideration receivable)	1,000.000		–	
Dividend received	23.712		39.378	
Net cash used in investing activities		(1,025.710)		(7,822.366)

Cash flow statement *(continued)*

₹ Million

	For the year ended 31 March 2015		For the year ended 31 March 2014	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds preferential allotment	–		20,927.195	
Expenses incurred on issue of shares	–		(276.681)	
Proceeds / (repayment) of long-term borrowings				
Proceeds	8,891.198		6,182.500	
Repayment	(4,046.122)		(14,135.330)	
Proceeds / (repayment) of deposits(net)	(3,692.601)		(476.331)	
Inter corporate deposits	(6.522)		(465.652)	
Finance lease payments (net)	(23.595)		(6.048)	
Proceeds of short-term borrowings	15,500.000		13,866.504	
Repayment of short-term borrowings	(11,466.504)		(2,500.000)	
Working capital loan / cash credit from banks (net)	(817.677)		(1,953.252)	
Interest and finance charges paid	(6,332.790)		(5,862.642)	
Dividends paid	(3.768)		(363.336)	
Corporate dividend tax on distributed profit	–		(57.430)	
Net cash generated / (used in) financing activities		**(1,998.381)**		**14,879.516**
Net (decrease) / increase in cash and cash equivalents		**(2,058.802)**		**3,217.252**
Cash and cash equivalents as at the beginning of the year*		**3,982.702**		**765.450**
Cash and cash equivalents transferred on composite scheme of arrangement [refer note 27 (a)]		**(64.716)**		**–**
Cash and cash equivalents as at the end of the year*		**1,859.184**		**3,982.702**
		(2,058.802)		**3,217.252**

* Refer Note 11.4

Notes:

1. The above cash flow statement has been compiled from and is based on the balance sheet as at 31 March 2015 and the related statement of profit and loss for the year ended on that date.
2. The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements as notified under Section 133 of the Companies Act, 2013 ('the Act'), read with rule 7 of the Companies (Accounts) Rules, 2014.

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number:104315

Place: Mumbai
Date: 27 May 2015

for **and on behalf of the Board of Directors**

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director & CEO

Vinod Rao
Head of Finance

Mahendra Kumar Sharma
Director

V. Ramachandran
Company Secretary

Place: Mumbai
Date: 27 May 2015

Notes to the financial statements

1. Significant accounting policies

1.1 Company overview

United Spirits Limited ("the Company") is a public company domiciled and headquartered in India. It is incorporated under the Companies Act, 1956 and its shares are listed on the BSE Limited and National Stock Exchange of India Limited. The Company is engaged in the business of manufacture, purchase and sale of beverage alcohol (spirits and wines).

1.2 Basis of preparation of financial statements

These financial statements of the Company are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under historical cost convention, except as otherwise stated, on the accrual basis of accounting. GAAP comprises Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act and the Companies Act,1956 (to the extent applicable) and the guidelines issued by the Securities and Exchange Board of India ('SEBI').

1.3 Use of estimates

The preparation of the financial statements, in conformity with GAAP, requires that the Management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.4 Fixed assets (Tangible and Intangible)

(a) Tangible fixed assets are stated at their original cost of acquisition or construction and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets concerned less accumulated depreciation, except amounts adjusted on revaluation and amalgamation. Interest on borrowings attributable to qualifying assets are capitalised and included in the cost of fixed assets as appropriate.

(b) The costs of fixed assets acquired in amalgamations (and accounted under purchase method) are determined at their fair values, on the date of acquisition or as approved under the schemes of amalgamation.

(c) Fixed assets held for disposal are stated at their net book value or estimated net realisable value, whichever is lower.

(d) Intangible fixed assets are stated at the consideration paid for acquisition less accumulated amortisation, if any.

(e) The cost of the fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

1.5 Leases

Assets acquired under leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired as under leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Statement of profit and loss on a straight line basis over the lease term.

Income from operating leases is credited to Statement of profit and loss on a straight line basis over the lease term.

1.6 Depreciation and amortisation

(a) Depreciation is provided on the Straight Line Method, including on assets revalued, at the useful life as prescribed in Part C of Schedule II of the Act except for the following, whose useful life is based on Management's estimate:

  (i) Computers, Vehicles and Aircrafts over a period of three, five and eleven years respectively;

  (ii) In respect of certain items of Plant and Machinery for which separate rates are prescribed in Part C of Schedule II to the Act based on the number of shifts, depreciation is provided for the full year on triple shift basis.

  Useful lives of the above assets is based on the internal assessment. Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence the useful lives for these assets is different from the useful life as prescribed under Part C of Schedule II of the Act.

(b) Fixed assets acquired on amalgamation are depreciated over the remaining useful life at the date of acquisition.

(c) Assets taken on finance lease are amortised over their estimated useful lives or the lease term, whichever is lower.

(d) Leasehold land is not amortised.

(e) Goodwill arising on amalgamation is charged to the Statement of profit and loss in the year of amalgamation.

(f) Intangible assets are amortised, on a straight line basis, commencing from the date the assets are available for use, over their respective individual estimated useful lives as estimated by the Management:
Trademark, formulae and license - 10 years

(g) Leasehold improvements are amortised over the shorter of period of lease or useful life.

(h) Depreciation on additions and disposals during the year is provided on proportionate basis.

1.7 Impairment

The Company assesses at each Balance sheet date whether there is any indication that an asset, including intangible, may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of profit and loss. If at the Balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

1.8 Investments

Long-term investments are stated at cost. Provision for diminution in the value is made to recognise a decline, other than temporary, in the value of long-term investments.

Current investments are valued at lower of cost and fair value, for each investment individually.

1.9 Inventories

Inventories which comprise of raw materials, work-in-progress, finished goods, stock-in-trade, packing materials, stores and spares and loose tools are carried at the lower of cost or net realisable value.

Cost of inventories comprises all costs of purchase, cost of conversion, borrowing cost and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, weighted average cost method is used. In the case of manufactured inventories and work-in-progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

Due allowance is made for obsolete and slow moving items.

1.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

1.11 Revenue recognition

Revenue from sale of goods is recognised on transfer of property in the goods for a price or all significant risks and rewards of ownership to the buyer which is generally on dispatch of goods from distilleries/ warehouses of the Company in accordance with the terms of sale except where such terms provide otherwise, where sales are recognised based on such terms. Gross Sales are inclusive of excise duty but are net of trade discounts and sales tax, where applicable.

Income arising from sales by manufacturers under "Tie-up" agreements (Tie-up units) comprises surplus income from Tie-up units (net share of the Company) and is recognised on the basis of the information provided to the Company by the Tie-up units. Income arising from brand franchise are recognised in terms of the respective contracts on sale of the products by the Tie-up units / Franchisees. Income from brand franchise is net of service tax, where applicable.

Dividend income on investments are recognised and accounted for when the right to receive the payment is established.

Income from distribution service is accounted based on the terms of the agreements for the service.

Interest income and guarantee commission is accounted on a time-proportion basis taking into account the amounts invested and the rate of interest.

1.12 Foreign currency transactions

Transactions in foreign currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment. Upon reclassification of such non-integral foreign operations to integral foreign operations, all future exchange differences on the said monetary items are adjusted to Statement of profit and loss. Exchange differences accumulated in foreign currency translation reserve till such reclassification are not adjusted to Statement of profit and loss until the disposal of such foreign operations.

Exchange differences in respect of all other monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/ losses arising there from are adjusted to the statement of profit and loss. The Company uses foreign exchange forward contracts to cover its exposure towards movements in foreign exchange rates. The Company does not use the foreign exchange forward contract for trading or speculative purposes. Premium or discount arising at the inception of forward contracts against the underlying assets is amortised as expense or income over the life of contract. Exchange differences on forward contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.

For forward exchange contracts and other derivatives that are not covered by Accounting Standard (AS) -11 'The Effects of Changes in Foreign Exchange Rates', the Company follows the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI), whereby for each category of derivatives, the Company records any net mark-to-market losses. Net mark-to-market gains are not recorded for such derivatives.

1.13 Employee benefits

(a) Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund with the government, superannuation fund and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

Death benefit:

The Company has Group term policy with a Insurance company with lump sum coverage for a specific category of executives. Premium paid to Insurance company are recognised as expense. The Company will not have any further liability. On death of an employee, specific amount will be paid by Insurance company to the nominee of the deceased.

(b) Defined-benefit plans

Gratuity:

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to employees. Liability with regard to gratuity plan is accrued based on actuarial valuation, based on Projected Unit Credit Method at the Balance sheet date, carried out by an independent actuary. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Statement of profit and loss as income or expense. Gratuity fund benefits are administered by a Trust formed for this purpose.

Provident fund:

The Company's provident funds administered by trusts set up by the Company where the Company's obligation is to provide the agreed benefit to the employees and the actuarial risk and investment risk if any fall, in substance, on the Company are treated as a defined benefit plan. Liability with regard to such provident fund plans are accrued based on actuarial valuation, based on Projected Unit Credit Method, carried out by an independent actuary at the Balance sheet date. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Statement of profit and loss as income or expense, as the case may be.

(c) Other employee benefits:

i) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date based on an actuarial valuation.

ii) Undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences for e.g. paid annual leave, performance incentives, etc.

1.14 Expenditure on account of voluntary retirement scheme

Expenditure on account of voluntary retirement scheme of employees is expensed in the period in which it is incurred.

1.15 Research and development

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, further economic benefit are probable, the Company has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

1.16 Taxes on income

Tax expense comprises current and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable / virtual certainty (as the case may be) that sufficient future taxable income will be available against which such deferred tax asset can be realised.

The Company offsets, the current tax assets and liabilities (on a year on year basis) where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

1.17 Earnings per share (EPS)

Basic EPS is arrived at based on net profit / (loss) after taxation available to equity shareholders to the weighted average number of equity shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

1.18 Provisions

A provision is recognised when an enterprise has a present obligation as a result of a 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, other than employee benefits, are not discounted to their 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.

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

1.19 Contingencies

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.20 Share issue expenses

Share issue expenses incurred are adjusted to the Securities Premium account as permitted by Section 52 of the Act.

1.21 Debt issue costs

Expenditure incurred for raising borrowed funds represents ancillary costs incurred in connection with the arrangement of borrowings and is amortised over the tenure of the respective borrowings. Amortisation of such debt issue costs is included under finance costs.

1.22 Borrowing costs

Borrowing costs incurred for the acquisition or construction or manufacture of qualifying assets are recognised as part of cost of such assets when it is considered probable that they will result in future economic benefits to the Company while other borrowing costs are expensed in the period in which they are incurred.

1.23 Government grants related to revenue

Government grants related to revenue are recognised in the Statement of profit and loss on a systematic basis over the periods to which they relate when there is a reasonable assurance that the Company will comply with the conditions attaching to them and the reasonable certainty exists of the collection.

1.24 Exceptional items

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

Notes to the financial statements *(continued)*

2. Share capital

₹ Million

	As at 31 March 2015	As at 31 March 2014
Authorised		
395,000,000 (2014:395,000,000) Equity Shares of ₹10/- each	3,950.000	3,950.000
159,200,000 (2014:159,200,000) Preference Shares of ₹10/- each	1,592.000	1,592.000
	5,542.000	**5,542.000**
Issued, subscribed and paid-up		
145,327,743 (2014:145,327,743) Equity Shares of ₹10/- each fully paid up	1,453.277	1,453.277
	1,453.277	**1,453.277**

a. Reconciliation of the number of shares outstanding

	As at 31 March 2015		As at 31 March 2014	
	No. of Shares	Amount in ₹ Million	No. of Shares	Amount in ₹ Million
Balance at the beginning of the year	145,327,743	1,453.277	130,794,968	1,307.950
Add: Equity shares issued on preferential allotment (Refer note b (i) below)	–	–	14,532,775	145.327
Balance at the end of the year	145,327,743	1,453.277	145,327,743	1,453.277

b. Preferential allotment of equity shares

i) On 27 May 2013, the Company allotted 14,532,775 equity shares of face value of ₹10/- each at a price of ₹1,440/- per share (including a premium of ₹1,430/- per equity share) to Relay B V an indirect wholly owned subsidiary of Diageo plc., on a preferential allotment basis in terms of the preferential allotment agreement entered between Relay B V, the Company and Diageo plc. on 9 November 2012 and pursuant to the approval of the shareholders through postal ballot on 14 December 2012 by way of a special resolution, for an aggregate amount of ₹20,927.195 Million.

ii) On 4 July 2013, in terms of the share purchase agreement dated 9 November 2012 between Palmer Investment Group Limited (Palmer) and UB Sports Management Overseas Limited (UB Sports) (both wholly owned subsidiaries of the Company), USL Benefit Trust (of which the Company is a beneficiary) (USLBT), SWEW Benefit Company (SWEW), United Breweries (Holdings) Limited (UBHL) and Kingfisher Finvest India Limited (KFIL) with Relay B V and Diageo plc., the sale of 21,767,749 equity shares ("Sale Shares") of the Company in aggregate by UBHL, KFIL, SWEW, Palmer and UB Sports to Relay B V at a price of ₹1,440/- per sale share were completed.

iii) During the previous year, Relay B.V.(wholly owned subsidiary of Diageo plc), has further acquired through the open offer and from the open market 5,526,608 equity shares representing 3.80% of the equity share capital of the Company.

iv) During the year, Relay B V further acquired 37,785,214 equity shares representing 26 % equity share capital of the Company through an open offer. As a result of the acquisition of these shares, Relay B V holds 79,612,346 equity shares, representing 54.78 % equity share capital of the Company, and has become the holding company of the Company.

c. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a face value of ₹10 per share. Each holder of the equity 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 ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any in proportion to their holdings.

d. Shares held by holding / ultimate holding company and Promoters / or their subsidiaries / associates

Out of the equity shares issued by the Company, shares held by its promoter company, ultimate holding company and their subsidiaries / associates are as below:

	As at 31 March 2015		As at 31 March 2014	
	No. of Shares	Amount in ₹ Million	No. of Shares	Amount in ₹ Million
Relay B V (wholly owned subsidiary of Diageo Plc) *	79,612,346	796.123	41,827,132	418.271
United Breweries (Holdings) Limited *	4,208,556	42.086	8,617,699	86.177
Kingfisher Finvest India Limited (formerly "Kingfisher Radio Limited ")	1,658,180	16.582	5,595,590	55.956
Rossi & Associates Private Limited	35,112	0.351	35,112	0.351
Vittal Investments Private Limited	31,270	0.313	31,270	0.313
Dr. Vijay Mallya	12,510	0.125	12,510	0.125
Devi Investments Private Limited	2,700	0.027	2,700	0.027
Mallya Private Limited	1,005	0.010	1,005	0.010
	85,561,679	**855.617**	**56,123,018**	**561.230**

* On 20 December 2013, the Honorable Karnataka High Court passed an order in the matter involving United Breweries (Holdings) Limited (UBHL) and its creditors and the Diageo group setting aside an earlier leave order which permitted UBHL to sell 10,141,437 equity shares in the Company to Relay B V, pending disposal of the winding up petitions against UBHL. On the above matter, UBHL and Diageo plc. has approached the Honorable

Notes to the financial statements *(continued)*

2. Share capital *(contd...)*

Supreme Court by way of SLPs challenging the order of the division bench. Pending, disposal of the above SLPs, the Honorable Supreme Court has directed that status quo be maintained in respect of the transaction of sale of shares to Relay B V

e. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

	As at 31 March 2015	As at 31 March 2014
Equity shares allotted as fully paid up pursuant to amalgamations for consideration other than cash not earlier than five years	5,200,639	12,949,760

f. Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2015		As at 31 March 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Relay B V	79,612,346	54.78%	41,827,132	28.78%
United Breweries (Holdings) Limited	4,208,556	2.90%	8,617,699	5.93%

g. The Company had issued 17,502,762 Global Depositary Shares (GDSs) representing 8,751,381 equity shares ranking pari-passu in all respects with the existing paid up equity shares, 2 GDSs representing 1 equity share of par value of ₹10/- each at US $7.4274 per GDSs aggregating to US $ 130 million. These GDSs are listed on the Luxembourg Stock Exchange. Out of the above, 1,431,494 GDS (2014: 1,538,638 GDS) outstanding [representing 715,747 equity shares (2014: 769,319 equity shares)] as of 31 March 2015 have no voting rights.

3. Reserves and surplus

₹ Million

	As at 31 March 2015		As at 31 March 2014	
Capital redemption reserve		578.946		578.946
Securities premium account				
At the beginning of the year	45,682.010		25,176.823	
Add: Addition during the year (Refer note 2 (b) (i))	–		20,781.868	
	45,682.010		45,958.691	
Less: Share issue expenses	–		276.681	
		45,682.010		45,682.010
Other reserves:				
Central subsidy (Refer note 1 below)		1.500		1.500
Contingency reserve (Refer note 2 below)		110.000		110.000
Foreign currency translation reserve (Refer note 9 (b))				
At the beginning of the year	9,378.534		4,734.854	
Add: Addition during the year	895.255		4,643.680	
		10,273.789		9,378.534
General reserve		11,775.730		11,775.730
Surplus as per Statement of profit and loss				
At the beginning of the year	(30,835.129)		20,233.807	
Add: Net impact of profit of demerged unit and the Royalty income therefrom [Refer note 27(a)]	24.908		–	
Less: Transitional depreciation (Refer note 3 below)	(79.547)		–	
Less: Loss for the year	(19,564.747)		(51,028.219)	
	(50,454.515)		(30,794.412)	
Less: Appropriations:				
Dividend paid with respect to previous year (Dividend ₹2.50 per share)	–		36.332	
Corporate tax on dividend paid	–		4.385	
		(50,454.515)		(30,835.129)
		17,967.460		**36,691.591**

Notes:

1) Taken over on amalgamation of Shaw Wallace Distilleries Limited with the Company during the year ended 31 March 2006 as per the terms of the arrangement approved by the Honorable High Courts of Karnataka and Mumbai.

2) Taken over on amalgamation of McDowell & Co. Limited with the Company during the year ended 31 March 2001 as per the terms of the arrangement approved by the Honorable High Court of Karnataka.

3) Net of deferred taxes of ₹42.122 Million (also refer note 5 on note 6.1)

Notes to the financial statements *(continued)*

4.1 Long-term borrowings

₹ Million

	As at 31 March 2015	As at 31 March 2014
Secured		
Term loan from banks	5,000.000	7,189.405
Finance lease (Refer note 22(a))	109.285	7.551
Unsecured		
Fixed deposits	–	3,856.867
Term Loan		
From banks	7,291.198	85.555
From others	–	256.718
Inter- corporate deposit	–	6.522
Loan from related party (Refer note 24)	4,624.338	4,624.338
	17,024.821	**16,026.956**
Less: Current maturities		
Secured		
Term loan from banks	–	430.201
Finance lease (Refer note 22(a))	34.118	3.336
Unsecured		
Fixed deposits	–	1,655.225
Term Loan		
From banks	1,895.598	85.555
From others	–	256.718
Inter- corporate deposit	–	6.522
	15,095.105	**13,589.399**

Also refer note 25 (b)

A. Nature of security and terms of repayment for secured borrowings:

Nature of security	Terms of repayment
(i) Term loan from a bank amounting to ₹5,000.0 Million (2014: ₹5,000.0 Million) are secured by a charge on certain fixed assets of the Company.	Repayable after three years from the date of first disbursement (3 March 2014). The rate of interest is @10.85% p.a. payable monthly.
(ii) Term loan from a bank amounting to ₹ Nil (2014: ₹412.500 Million) are secured by a charge on certain fixed assets of the Company and pledge of certain shares held by UB Group entities.	The entire loan has been repaid during the year.
(iii) Term loan from a bank amounting to ₹ Nil (2014: ₹631.274 Million) are secured by a charge on certain fixed assets of the Company.	The entire loan has been repaid during the year.
(iv) Term loan from a bank amounting to ₹ Nil (2014: ₹1,145.631 Million) are secured by a charge on certain fixed assets of the Company and pledge of certain shares held by UB Group entities.	The entire loan has been repaid during the year.

B. Terms of repayment for unsecured borrowings:

Borrowings	Terms of repayment
(i) Long term loan from banks	
(a) Term loan from a bank amounting to ₹3,791.198 Million (2014: ₹ Nil)	Repayable in 2 equal installments at the end of 18 month and 24 month from the date of disbursement (10 September 2014). The loan carries fixed interest @11.15% p.a. payable monthly.
(b) Term loan from a bank amounting to ₹ 3,500.0 Million (2014: ₹ Nil)	Repayable after three year from the date of first disbursement (5 January 2015). The loan carries floating interest and presently the rate of interest is 10.75% p.a. payable monthly.
(c) Term loan from a bank amounting to ₹ Nil (2014: ₹85.555 Million)	The entire loan has been repaid during the year.
(ii) Term loan from others ₹ Nil (2014: ₹ 256.718 Million)	The entire loan has been repaid during the year.
(iii) Fixed deposits	The Company has repaid all the deposits, except those incase of which the duly discharged fixed deposit receipts were not surrendered. The amount in this respect has been transferred to a separate non–interest bearing escrow account amounting to ₹ 215.462 Million. The same is disclosed under other current liabilities.

Notes to the financial statements *(continued)*

4.1 Long-term borrowings *(contd...)*

B. Terms of repayment for unsecured borrowings:

Borrowings	Terms of repayment
(iv) Inter-corporate deposits	
(a) amounting to ₹ Nil (2014: ₹6.522 Million)	The entire deposits has been repaid during the year.
(v) from related party ₹4,624.338 Million (2014: ₹4,624.338 Million)	Repayable after expiry of three years (i.e. after 30 June 2016) from the date of agreement along with interest of 13% p.a.

4.2 Other long-term liabilities

₹ Million

	As at 31 March 2015	As at 31 March 2014
Security deposits	188.381	294.769
Due to asset vendors	250.817	348.887
	439.198	**643.656**

4.3 Long-term provisions

₹ Million

	As at 31 March 2015	As at 31 March 2014
Employee benefit		
Provision for shortfall in provident fund trust (Refer note 21(b))	97.139	123.972
Provision for compensated absences	545.275	420.980
Provision for pension liability (Refer note 21(b))	18.658	18.804
	661.072	**563.756**

5.1 Short-term borrowings

₹ Million

	As at 31 March 2015	As at 31 March 2014
Secured		
Working capital loan from banks [Refer note 25 (a)]	15,913.249	16,719.168
Short-term loan from banks	4,800.000	2,400.000
Unsecured		
Term loans		
From banks	13,000.000	13,866.504
From others	2,500.000	–
	36,213.249	**32,985.672**

Also refer note 25 (b)

Nature of security	Terms of repayment
(i) Working capital loans are secured by hypothecation of inventories, book debts and other current assets.	Interest rates are linked to respective banks base rates, and ranges from 10.95% to 13.85% p.a. payable monthly.
(ii) Short term loan from bank amounting to ₹1,400 Million (2014: Nil) are secured by charge on inventories, book debts and other current assets of the Company. *	Repayable on 18 May 2015 amounting to ₹950.0 Million and on 15 June 2015 amounting to ₹450.0 Million and carries interest at 10.90% p.a. and 10.70% p.a. respectively. The interest is payable monthly.
(iii) Short term loan from bank amounting to ₹1,000 Million (2014: Nil) are secured by a charge on certain fixed assets of the Company.	Repayable on demand and carries interest at 10.95% p.a. payable monthly.
(iv) Short term loan from bank amounting to ₹2,400.0 Million (2014: ₹2,400.0 Million) are secured by a pledge of certain shares held by the Company.**	Repayable on 4 May 2015 and carries interest at 11% p.a. payable monthly.

* Subsequent to the Balance sheet date, the loan repayable on 18 May 2015 has been rolled over.

** This loan has been repaid subsequent to the Balance sheet date and pledge on shares has been released.

Notes to the financial statements *(continued)*

5.2 Trade payables

₹ Million

	As at 31 March 2015	As at 31 March 2014
Acceptances*	–	3,137.806
Dues to micro and small enterprises (Refer note 34)	163.954	78.364
Trade creditors**	6,760.274	7,291.203
Dues to related parties**	255.863	1,223.556
	7,180.091	**11,730.929**

* Includes bills drawn against inland letters of credit of ₹ Nil (2014: ₹2,301.99 Million) and secured by a charge on debtors, inventories and other current assets.

** The year end foreign currency exposures that have not been hedged ₹3.81 Million (USD 0.06 Million) [(2014: ₹65.887 Million (USD 1.094 Million)] and ₹143.66 Million (GBP 1.55 Million) [(2014: ₹49.246 Million (GBP 0.495 Million)] and ₹0.61 Million (EURO 0.01 Million) [(2014: ₹ Nil (EURO Nil)]

5.3 Other current liabilities

₹ Million

	As at 31 March 2015	As at 31 March 2014
Current maturities of		
Long-term borrowings (Refer note 4.1)	1,895.598	2,434.221
Finance lease (Refer note 4.1)	34.118	3.336
Interest accrued but not due	22.221	351.550
Interest accrued but not due - related parties	329.539	405.139
Interest accrued and due	5.120	–
Unpaid / unclaimed dividends / debentures *	17.101	20.869
Unpaid / unclaimed matured fixed deposits (Including accrued interest)**	260.607	76.308
Advances from customers and others	435.090	401.269
Due to asset vendors	426.252	377.898
Employee payables	611.948	624.154
Statutory dues	1,125.278	1,768.552
Other liabilities	3,523.345	2,724.951
	8,686.217	**9,188.247**

* As required under section 205C of the Companies Act, 1956, the Company has transferred ₹4.084 Million (2014: ₹4.067 Million) to the Investor Education and Protection Fund (IEPF) during the year.

** Includes unclaimed fixed deposit of ₹215.462 Million (2014 ₹ Nil) in case of which the duly discharged fixed deposit receipts are not surrendered by the deposit holders.

5.4 Short-term provisions

₹ Million

	As at 31 March 2015	As at 31 March 2014
Employee benefits:		
Provision for gratuity* (Refer note 21(b))	552.546	521.406
Provision for compensated absences	171.482	149.477
Provision for pension liability [Refer note 21(b)]	2.311	2.304
Provision for sales and other taxes (Refer note 50)	1,391.668	418.354
Provision for income tax (net of advance tax)	363.852	363.852
Fringe benefit tax (net of payments)	1.857	1.857
	2,483.716	**1,457.250**

* (Includes ₹ Nil (2014: ₹7.240 Million) received from other funds on account of transfer of few executives and is payable to the Company's trust)

6. Fixed assets

6.1. Tangible assets

₹ Million

Description	Gross block at cost					Accumulated depreciation						Net block	
	As at 01 April 2014	Additions during the year	Deletion/ adjustment during the year	Deletion on demerger (Refer note 27(a))	As at 31 March 2015	As at 01 April 2014	Transitional depreciation (Refer note 5 below)	Charge for the year	Deletion/ adjustment during the year	Deletion on demerger (Refer note 27(a))	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Land													
Freehold	3,157.666	24.618	–	601.005	2,581.279	–	–	–	–	–	–	2,581.279	3,157.666
Leasehold	112.261	–	–	–	112.261	–	–	–	–	–	–	112.261	112.261
Buildings (Notes 1 to 3 below)	3,495.314	87.788	1.549	81.287	3,500.266	714.216	34.172	114.716	1.549	33.264	828.291	2,671.975	2,781.098
Plant and equipment	8,433.405	506.406	4.177	317.445	8,618.189	3,108.134	18.680	828.562	3.675	172.279	3,779.422	4,838.767	5,325.271
Furniture and fixture	438.210	50.744	4.894	0.760	483.300	160.663	14.793	58.567	2.564	0.406	231.053	252.247	277.547
Office equipment													
Finance lease	4.476	113.452	4.476	–	113.452	4.475	–	13.148	4.476	–	13.147	100.305	0.001
Owned	419.494	72.865	3.771	9.546	479.042	244.913	54.023	96.709	2.948	7.800	384.897	94.145	174.581
Vehicles													
Finance Lease	13.293	11.877	–	–	25.170	7.586	–	5.043	–	–	12.629	12.541	5.707
Owned	212.156	3.063	3.132	22.251	189.836	184.663	–	14.742	3.132	22.076	174.197	15.639	27.493
Aircraft	186.290	–	–	–	186.290	186.290	–	–	–	–	186.290	–	–
	16,472.565	**870.813**	**21.999**	**1,032.294**	**16,289.085**	**4,610.940**	**121.668**	**1,131.487**	**18.344**	**235.825**	**5,609.926**	**10,679.159**	**11,861.625**
Previous year	*15,394.246*	*1,168.217*	*89.898*	–	*16,472.565*	*3,836.708*	–	*848.984*	*74.752*	–	*4,610.940*	*11,861.625*	

6.2. Intangible assets

Description	Gross block at cost					Accumulated amortisation						Net block	
	As at 01 April 2014	Additions during the year	Deletion/ adjustment during the year	Deletion on demerger	As at 31 March 2015	As at 01 April 2014	Transitional depreciation (Refer note 5 below)	Charge for the year	Deletion/ adjustment during the year	Deletion on demerger	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Trademark, Formulae and License	50.944	–	–	–	50.944	29.929	–	6.096	–	–	36.025	14.919	21.015
	50.944	**–**	**–**	**–**	**50.944**	**29.929**	**–**	**6.096**	**–**	**–**	**36.025**	**14.919**	**21.015**
Previous year	*40.944*	*10.000*	–	–	*50.944*	*23.888*	–	*6.041*	–	–	*29.929*	*21.015*	

Notes:

1. Buildings include an amount of ₹357.014 Million (2014: ₹357.014 Million) which is yet to be registered in the name of the Company. The amount paid is also a part of the additional review as stated in note 26 (e).
2. Cost of buildings includes the following payments made for the purpose of acquiring the right of occupation of Mumbai godown space:
   i) 660 equity shares (unquoted) of ₹100 each fully paid in Shree Madhu Industrial Estate Limited ₹0.066 Million (2014: ₹0.066 Million). Application has been made for duplicate share certificates and the same is in the process.
   ii) 199, 6 % Debentures (unquoted) of ₹1,000 each fully paid in Shree Madhu Industrial Estate Limited ₹0.199 Million (2014: ₹0.199 Million). Application has been made for duplicate debentures certificates and the same is in the process.
   iii) Deposit with Shree Madhu Industrial Estate Limited ₹0.132 Million (2014: ₹0.132 Million)

Notes to the financial statements *(continued)*

6. Fixed assets *(contd...)*

3. Cost of buildings include value of fully paid shares ₹0.006 Million (2014: ₹0.006 Million) held in Co-operative Housing Societies.

4. Depreciation and amortisation for the year ended

₹ Million

	31 March 2015	31 March 2014
Depreciation charge	1,131.487	848.984
Amortisation	6.096	6.041
Transfer of depreciation on account of slump sale to Enrica Enterprises Private Limited [Refer note 27(a)]	(40.188)	–
	1,097.395	**855.025**

5. Consequent to the enactment of the Act and its applicability to accounting periods commencing from 1 April 2014, the Company has realigned the remaining useful lives of certain tangible fixed assets in accordance with the provisions prescribed under Schedule II to the Act. Consequently, in case of tangible fixed assets which have completed their useful lives, the carrying value (net of residual value) as at 1 April 2014 amounting to ₹79.547 Million (net of tax of ₹42.122 Million) has been debited to "Surplus in the Statement of Profit and Loss" and in case of other tangible fixed assets, the carrying value (net of residual value) is being depreciated over the revised remaining useful lives. Accordingly, the depreciation and amortization expense for the year ended 31 March 2015 is higher by ₹237.676 Million respectively.

   The revision in the useful life of the asset will result in the following changes in the depreciation expenses as compared to the original useful lives of assets:

₹ Million

Particulars	2015-16	After 2015-16
Increase / (decrease) in depreciation expenses	130.639	(368.315)

7. Non-current investments (Valued at cost)

₹ Million

	Face value	As at 31 March 2015		As at 31 March 2014	
		Nos.	Amount	Nos.	Amount
Trade investments					
Quoted					
In fully paid equity shares					
McDowell Holdings Limited	₹10	50,000	0.500	50,000	0.500
United Breweries Limited (Refer note 3 below)	₹1	8,500,000	150.000	8,500,000	150.000
In subsidiary company					
Pioneer Distilleries Limited (Refer note 2 below)	₹10	10,041,150	1,116.756	11,561,217	1,285.814
Less: Provision for diminution in the value of investment			1,116.756		–
			–		**1,285.814**
Unquoted					
In fully paid equity shares					
Yankay Associates Private Limited	₹100	1	0.004	1	0.004
Goa Fruit Distilleries Private Limited	₹100	350	0.035	350	0.035
Baramati Teluka Fruits Growers Fed Limited	₹500	1,000	0.500	1,000	0.500
In subsidiary companies					
SW Finance Co. Limited (Formerly Shaw Wallace Breweries Limited)	₹10	80,198,513	3,302.175	80,198,513	3,302.175
United Spirits Nepal Private Limited	NRS 100	67,716	65.626	67,716	65.626
McDowell & Co (Scotland) Limited	£ 1	1,575,000	125.505	1,575,000	125.505
Sovereign Distilleries Limited	₹10	58,442,746	315.462	58,442,746	315.462
Less: Provision for diminution in the value of investment			315.462		–
			–		**315.462**
Asian Opportunities & Investments Limited	US$1	4,998,706	301.000	4,998,706	301.000
Less: Provision for diminution in the value of investment			301.000		–
			–		**301.000**
Palmer Investment Group Limited	US$ 1	15,000,000	6,917.801	15,000,000	6,917.801
Less: Provision for diminution in the value of investment			6,917.801		6,917.801
			–		–
Montrose International S.A	US$ 1000	500	133.932	500	133.932
Less: Provision for diminution in the value of investment			133.932		133.932
			–		–

Notes to the financial statements *(continued)*

7. Non-current investments *(contd...)*

₹ Million

	Face value	As at 31 March 2015 Nos.	As at 31 March 2015 Amount	As at 31 March 2014 Nos.	As at 31 March 2014 Amount
Liquidity Inc.	US$0.0001	4,000,000	119.313	4,000,000	119.313
Less: Provision for diminution in the value of investment			119.313		119.313
			–		–
Four Seasons Wines Limited	₹10	27,668,899	290.652	27,668,899	290.652
Less: Provision for diminution in the value of investment			290.652		–
			–		290.652
USL Holdings Limited	US$ 1	500,000	22.183	500,000	22.183
Less: Provision for diminution in the value of investment			22.183		22.183
			–		–
United Spirits (Shanghai) Trading Company Limited	RMB 10	500,000	26.635	500,000	26.635
Less: Provision for diminution in the value of investment			26.635		26.635
			–		–
Royal Challengers Sports Private Limited	₹10	14,690	1,699.053	14,690	1,699.053
Less: Provision for diminution in the value of investment			1,277.899		–
			421.154		1,699.053
Tern Distilleries Private Limited	₹10	4,000,000	139.539	4,000,000	139.539
Less: Provision for diminution in the value of investment			139.539		–
			–		139.539
In fully paid preference shares					
In subsidiary company					
12% Non-cumulative redeemable optionally convertible preference shares of Four Seasons Wines Limited	₹10	30,612,245	321.530	30,612,245	321.530
12% Cumulative Redeemable (redeemable after 20 years) preference shares of Four Seasons Wines Limited	₹10	8,000,000	80.000	8,000,000	80.000
			401.530		401.530
Less: Provision for diminution in the value of investment			176.786		–
			224.744		401.530
			4,290.243		**8,077.395**
Other investments					
Quoted					
In fully paid equity shares					
Mangalore Chemicals & Fertilizers Limited	₹10	6,150	0.032	6,150	0.032
Housing Development Finance Corporation Limited	₹10	240	0.002	240	0.002
ICICI Bank Limited	₹10	8,916	0.382	8,916	0.382
HDFC Bank Limited	₹10	200	0.002	200	0.002
Vijaya Bank	₹10	42,100	0.466	42,100	0.466
Radico Khaitan Limited	₹2	537,850	2.043	537,850	2.043
Khaitan Chemicals & Fertilizers Limited	₹1	13,880	0.725	13,880	0.725
Unquoted					
In fully paid units					
Unit Trust of India					
- UTI Balance Fund -Income - Retail (formerly known as US 2002)	₹10	402,201	9.992	402,201	9.005
Less: Provision for diminution in the value of investment			1.204		1.204
			8.788		**7.801**
In fully paid equity shares					
Madhav Co-operative Housing Society Limited	₹50	5	0.000	5	0.000
Rampur Fertilizers Limited	₹10	27,760	0.527	27,760	0.527
Sangam Bhavan Cooperative Housing Society Limited	₹10	15	0.001	15	0.001
U.B. Electronics Instruments Limited	₹100	1,996	0.129	1,996	0.129
Inv-Ansa Industrial Premises Co-operative Society Limited	₹50	60	0.003	60	0.003

Notes to the financial statements *(continued)*

7. Non-current investments *(contd...)*

₹ Million

	Face value	As at 31 March 2015		As at 31 March 2014	
		Nos.	Amount	Nos.	Amount
In fully paid debentures (Non-redeemable)					
6.5% Bengal Chamber of Commerce & Industry	₹1000	2	0.002	2	0.002
5% Woodland Hospital & Medical Centre Limited	₹1	7,000	0.007	7,000	0.007
0.5% Woodlands Medical Centre Limited (Refer note 1 below)	₹100	117	0.012	117	0.012
5.0% Woodlands Medical Centre Limited (Refer note 1 below)	₹100	270	0.027	270	0.027
In Government securities					
Indira Vikas Patra			0.103		0.003
National Savings/Plan/Def. Certificates			0.147		0.172
(Deposited with Government Authorities)					
			13.398		12.336
Total Investments			4,303.641		8,089.731
Aggregate value of quoted investments					
Book value			1,270.908		1,439.966
Market value			9,289.483		7,792.432
Aggregate book value of unquoted investments			13,871.895		13,870.833
Aggregate provision for diminution in the value of investments (Refer note 27(b) and 28)			10,839.162		7,221.068

Also refer note 47

Note:

1 Market quotations are not available.

2 In order to comply with the requirements of the Securities and Exchange Board of India ("SEBI") regulations, on 29 September 2014, the Company has sold 1,520,067 equity shares of ₹10 each held in Pioneer Distilleries Limited ("PDL"), a listed subsidiary of the Company, representing 11.35% of the share capital of PDL, to bring down the Promoter shareholding to 75%. This has resulted in a loss of ₹108.464 Million and is disclosed as an exceptional Item for the year ended 31 March 2015.

3 The Company has pledged the shares held in United Breweries Limited with banks for the term loan availed. This loan has been repaid subsequent to the Balance sheet date and pledge on shares has been released.

8. Deferred tax assets (net)

₹ Million

	As at 31 March 2015	As at 31 March 2014
Deferred tax assets		
Provision for doubtful debts / advances / deposits	1,111.461	980.112
Employee benefits	284.834	243.211
Others	80.648	74.890
	1,476.943	**1,298.213**
Deferred tax liabilities		
Depreciation	603.849	752.654
	873.094	**545.559**

Notes to the financial statements *(continued)*

9. Long-term loans and advances

(Unsecured, considered good unless stated otherwise)

₹ Million

	As at 31 March 2015		As at 31 March 2014	
Capital advances (Refer note c (ii) below)		466.603		100.570
Loans and advances to tie-up units				
Considered good	–		271.362	
Considered doubtful	133.790		–	
	133.790		271.362	
Less: Provision for doubtful loans and advances (Refer note 27(b))	133.790	–	–	271.362
Loans and advances to related parties (Refer notes (a) (i), (b) and (c)(i) below) (Also refer note 24)				
Considered good	18,555.530		28,089.608	
Considered doubtful	54,182.368		39,515.055	
	72,737.898		67,604.663	
Less: Provision for doubtful loans and advances (Refer note 27(b) and 28)	54,182.368	18,555.530	39,515.055	28,089.608
Advance income tax (net of provisions)		2,280.842		1,647.006
Security deposits: (Refer notes (a) (ii & iii) below)				
Considered good	1,748.394		2,275.213	
Considered doubtful	1,416.809		1,416.809	
	3,165.203		3,692.022	
Less: Provision for doubtful deposits (Refer note 26)	1,416.809		1,416.809	
		1,748.394		2,275.213
Pre-paid expenses (Refer note (a) (iv) below)		2,345.442		2,617.714
Other advances				
Considered good (Refer note (a) (v) below)	1,663.631		1,980.552	
Considered doubtful (Refer note 26)	3,519.650		3,519.526	
	5,183.281		5,500.078	
Less: Provision for doubtful advances	3,519.650		3,519.526	
		1,663.631		1,980.552
		27,060.442		**36,982.025**

(a) The above amounts include:

(i) ₹51,559.849 Million (2014: ₹52,333.490 Million) given as interest free loans to subsidiaries.

(ii) due from Company Secretary ₹ Nil (2014: ₹3.041 Million). Maximum amount outstanding at any time during the year ₹3.041 Million (2014: ₹3.041 Million).

(iii) due from the Directors of the Company ₹6.415 Million (2014: ₹15.055 Million). Maximum amount outstanding at any time during the year ₹15.055 Million (2014: ₹15.055 Million)

(iv) ₹2,340.315 Million (2014: ₹2,581.250 Million) paid under trade mark license agreement.

(v) amount deposited ₹350.0 Million (2014: ₹350.0 Million) in Honourable Civil Court, Mapusa, Goa to establish the proprietary interest it has on the property.

(b) The Company has, granted interest free loans in foreign currency amounting to ₹49,412.240 Million (2014: ₹47,928.849 Million), to USL Holdings Limited, BVI (USL Holdings) a subsidiary of the Company, for acquisition of long term strategic investments. Management is of the view that out of these loans, ₹46,432.188 Million (2014: ₹45,064.887 Million), from the inception of the grant of loans, in substance, form part of the Company's net investment in the subsidiary, as the settlement of these loans is neither planned nor likely to occur in the foreseeable future and Management intends to convert these loans into investment in share capital of the subsidiary in near future. Accordingly, in line with AS 11 - The effects of changes in foreign exchange rates (AS 11), exchange difference aggregating to ₹10,273.789 Million [2014: ₹9,378.534 Million (Credit)] such loans has been accumulated in a foreign currency translation reserve, which at the time of the disposal of the net investment in these subsidiaries would be recognised as income or as expenses. During the current year, the Company has made further provision of ₹1,848.520 Million (2014: ₹36,142.32 Million) against the loan after adjusting the amount estimated to be recovered and the accumulated balance in the foreign currency translation reserve. (Refer note no 27(b)).

(c) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

(i) loans and advances to subsidiaries ₹46,118.125 Million (USD 737.890 Million), ₹3,520.361 Million (GBP 38.058 Million), ₹1,999.2 (EURO 29.750 Million) (2014: ₹44,206.621 Million (USD 737.890 Million), ₹3,893.969 Million (GBP 39.100 Million), ₹2,365.550 (Euro 28.750 Million).

(ii) Capital advances ₹ Nil (USD Nil) [(2014: ₹16.433 Million (USD 0.257 Million)] and ₹ Nil (Euro: Nil) (2014: ₹0.095 Million (Euro: 0.001 Million)).

Notes to the financial statements *(continued)*

10. Other non-current assets

₹ Million

	As at 31 March 2015		As at 31 March 2014	
Unsecured				
(i) Long-term trade receivables - considered good	–		–	
- considered doubtful	–		5.000	
	–		5.000	
Less: Provision for doubtful debts	–		5.000	
		–		–
(ii) Others				
Long term deposits with banks:				
On margin money deposits	1.300		1.300	
		1.300		1.300
		1.300		**1.300**

11.1 Current investments

(Valued at cost or fair value, whichever is lower)

₹ Million

	As at 31 March 2015	As at 31 March 2014
Unquoted		
Interest as Sole Beneficiary in USL Benefit Trust *	1,196.969	1,196.969
Investments in mutual funds:		
HSBC Mutual Fund	1.697	1.696
ICICI Prudential Liquid Fund	8.280	7.789
SBI-Premier Liquid Fund	0.131	0.124
	1,207.077	**1,206.578**
Aggregate value of quoted investments		
Book value	–	–
Market value	–	–
Aggregate book value of unquoted investments	1,207.077	1,206.578

* The Company's shares held by USL Benefit Trust was pledged in favor of Unit Trust of India Investment Advisory Services Limited, a Security Trustee for Punjab National Bank (PNB) and IDBI Bank Limited (IDBI) for the term loan availed by Company from PNB and IDBI. The loan has been repaid and PNB has issued "No Objection Letter", however IDBI is yet to release the Company's shares. A Writ Petition has been filed by the Company and the same is pending before Honorable High Court of Karnataka. (Also refer note 25(a))

11.2 Inventories

(Valued at lower of cost and net realisable value)

₹ Million

	As at 31 March 2015	As at 31 March 2014
Raw materials	2,126.796	1,644.457
[including materials in transit ₹250.142 Million (2014: ₹331.359 Million)]		
Work -in-progress *	9,055.154	9,040.127
[including held by a branch outside India ₹4,065.822 Million (2014: ₹4,321.700 Million)]		
Finished goods	2,471.771	2,962.743
Stock-in-trade	351.113	83.254
[including goods in transit ₹206.332 Million (2014: ₹5.243 Million)]		
Packing materials, stores and spares	1,537.554	1,623.455
	15,542.388	**15,354.036**
* Interest included in the closing stock of work-in-progress	536.256	457.660

Notes to the financial statements *(continued)*

11.3 Trade receivables

(Unsecured, considered good unless stated otherwise)

₹ Million

	As at 31 March 2015	As at 31 March 2014
Outstanding for a period of more than six months		
Considered good	483.270	240.849
Considered doubtful	2,425.136	109.677
	2,908.406	**350.526**
Others:		
Considered good*	16,971.511	16,894.922
Considered doubtful	540.642	2,464.665
	20,420.559	19,710.113
Less: Provision for doubtful debts	2,965.778	2,574.342
	17,454.781	**17,135.771**

* includes due from related parties - ₹868.0 Million (2014: ₹739.173 Million) (Refer note 24(c))

* The year end foreign currency exposures that have not been hedged ₹586.233 Million (USD 9.381 Million) [2014: ₹431.80 Million (USD: 6.232 Million)]

11.4 Cash and bank balance

₹ Million

	As at 31 March 2015	As at 31 March 2014
(a) Cash and cash equivalents		
Cash on hand	1.629	4.544
Cheques on hand	162.339	63.607
Balances with banks		
On current accounts (Refer note (i) below)	1,663.716	3,914.551
On deposit account with original maturity of less than three months	31.500	–
	1,859.184	**3,982.702**
(b) Other bank balances		
On unpaid dividend accounts	17.101	20.869
On unpaid deposit accounts (Refer note (iv) below)	260.607	76.308
Margin money deposits	1.300	1.300
Deposits due to mature with in 12 months from the reporting date (Refer note (ii),(iii) and (v) below)	259.960	893.024
	538.968	**991.501**
(c) Amounts disclosed under non-current assets (Refer note 10)		
On margin money deposits	(1.300)	(1.300)
	(1.300)	**(1.300)**
	2,396.852	**4,972.903**

The above accounts:

(i) includes ₹8.347 Million (2014: ₹3.469 Million) in Exchange Earners Foreign Currency (EEFC) Account and ₹2.071 Million (2014: ₹9.713 Million) in Foreign currency and have not been hedged.

(ii) includes ₹ Nil (2014: ₹449.154 Million) deposited in accordance with Companies (Acceptance of Deposit) Rules,1975.

(iii) includes ₹ Nil (2014: ₹179.250 Million) pledged as security against loan from a bank.

(iv) includes ₹215.462 Million transferred to a separate non-interest bearing escrow account pertaining to unclaimed FDs wherein duly discharged FDRs were not received.

(v) includes ₹246.039 Million (2014: ₹225.388 Million) has been kept under escrow pending resolution of various taxation matters.

Notes to the financial statements *(continued)*

11.5 Short-term loans and advances

(Unsecured, considered good unless stated otherwise)

₹ Million

	As at 31 March 2015	As at 31 March 2014
Income accrued on Investments and deposits / advances		
Considered good	22.334	56.371
Considered doubtful	48.467	48.467
Income accrued on advances - related parties (Refer note 24)		
Considered good	1,474.514	536.411
Considered doubtful	1,063.618	963.069
Advances to related parties (Refer note 24)		
Considered good	752.329	3,865.800
Considered doubtful (Refer note 28)	1,053.345	–
Advances to Tie-up units:		
Considered good	2,496.050	1,594.595
Considered doubtful	708.136	670.880
Taxes and duties paid in advance	2,994.066	3,465.274
Loans and advances to employees	13.076	31.774
Advances to Suppliers:*		
Considered good	471.963	1,370.263
Considered doubtful	982.206	412.316
Pre-paid expenses**	903.835	715.890
	12,983.939	13,731.110
Less: Provision for doubtful advances (Refer note 26)	3,855.772	2,094.732
	9,128.167	**11,636.378**

* The year end foreign currency exposures that have not been hedged ₹562.601 Million (USD 9.002 Million) (2014: ₹835.834 Million (USD 13.866 Million)) and ₹ Nil (EURO Nil) [2014: ₹174.264 Million (EURO 2.020 Million)].

**Includes ₹295.507 Million (2014: ₹263.0 Million) paid under trade mark license agreement.

11.6 Other current assets

₹ Million

	As at 31 March 2015	As at 31 March 2014
Assets held for sale (net of provisions)	0.747	0.747
Other receivable [Refer note 27(a)]	871.333	–
	872.080	**0.747**

12. Revenue from operations

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Sales (gross)		
Own manufactured goods	1,85,930.557	1,89,789.792
Traded goods	14,149.248	12,523.059
Income arising from sale by manufacturers under 'Tie-up' agreements (Tie-up units) (Refer note 42)	3,940.448	4,614.160
Income from brand franchise	1,005.100	421.756
	2,05,025.353	**2,07,348.767**

13.1 Other operating income

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Scrap sales	296.392	373.303
Sales tax incentive*	34.878	172.782
Income from distribution services	369.191	164.008
Miscellaneous	276.417	192.378
	976.878	**902.471**

*(Maharashtra Value Added Tax (MVAT) incentive receivable from Govt of Maharashtra under Industrial promotion subsidy (IPS)).

Notes to the financial statements *(continued)*

13.2 Other income

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Interest income *	1,459.069	853.153
Dividend income:		
From subsidiary company	14.813	23.277
From others	9.397	16.611
Exchange gain (net)	–	171.635
Lease rent	0.750	1.500
Profit on sale of fixed assets (net)	4.572	–
Liabilities no longer required written back	105.750	131.276
Bad debts/ advances recovered	4.137	65.635
Insurance claims	1.351	2.223
Guarantee commission	–	223.743
	1,599.839	**1,489.053**

* An amount of ₹1,270.545 Million (2014: ₹1,011.536 Million) has not been recognised based on Management's assessment of recoverability.

14. Cost of materials consumed

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Raw materials	19,022.261	25,611.569
Packing materials	16,760.049	19,163.453
	35,782.310	**44,775.022**

15. Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Opening stock:		
Finished goods	2,962.743	3,701.853
Work-in-progress	9,040.127	6,476.423
Stock-in-trade	83.254	82.449
	12,086.124	**10,260.725**
Less :Stocks of the Demerged unit as on 1 April 2014		
Finished goods	89.611	–
Work-in-progress	81.315	–
	170.926	**–**
Closing stock:		
Finished goods	2,471.771	2,962.743
Work-in-progress	9,055.154	9,040.127
Stock-in-trade	351.113	83.254
	11,878.038	**12,086.124**
Excise duty on opening / closing stock of finished goods (net)	(242.202)	(484.314)
	(205.042)	**(2,309.713)**

16. Employee benefits expense

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries, wages and bonus	4,894.542	4,366.530
Contribution to provident and other funds	891.264	886.358
Staff welfare expenses	399.207	391.522
	6,185.013	**5,644.410**

17. Finance costs

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Interest expense (Refer note below)	5,783.431	5,999.600
Debt issue costs	146.214	130.397
	5,929.645	**6,129.997**

Note: includes interest on income-tax relating to earlier years ₹ Nil (2014: ₹52.311 Million).

Notes to the financial statements *(continued)*

18. Other expenses

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Consumption of stores and spares	136.938	135.736
Sub-contracting wages	533.491	525.548
Power and fuel	286.288	338.021
Rent	1,148.256	1,100.126
Repairs and maintenance:		
Buildings	46.113	91.858
Plant and machinery	148.586	165.193
Others	122.402	162.970
Insurance	130.329	112.732
Rates and taxes #	2,020.616	973.481
Travelling and conveyance	783.335	919.406
Legal and professional	1,203.947	1,127.822
Freight outwards	1,804.504	2,026.686
Advertisement and sales promotion	7,868.021	8,543.221
Commission on sales	504.720	530.499
Royalty / brand fee / trade mark license fees	576.407	430.866
Cash discount	629.619	807.882
Sales tax	180.581	265.372
Exchange loss (net)	242.494	–
Directors' remuneration:		
Sitting fee	7.930	1.990
Bad debts and advances written off	6.548	27.444
Loss on sale of fixed assets (net)	–	1.633
Provision for doubtful debts / advances / deposits (Refer note 26)	1,134.002	10,127.475
Research and development	101.891	90.182
Others		
Administrative expenses	632.491	562.442
Distribution costs	1,252.480	1,333.466
Miscellaneous	256.275	297.274
	21,758.264	**30,699.325**
# includes provision for sales and other taxes (Refer note 50)		
Auditors' remuneration* (included in legal and professional)		
Statutory audit **	52.500	10.000
Other services (including limited reviews)	13.750	5.224
Out-of-pocket expenses	3.380	1.158
	69.630	**16.382**

* Excluding service tax. The fee for the year ended 31 March 2014 includes remuneration paid to the current and erstwhile auditors.

** Statutory audit fees for the year ended 31 March 2015 includes ₹35.0 Million charged with respect to the year ended 31 March 2014.

19. Exceptional items (net)

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
The details of the exceptional items is as below:		
Diminution in the value of investments and advances in a Indian and over seas subsidiaries (Refer note 28)	7,161.600	–
Diminution in the value of investments and advances in a over seas subsidiaries [Refer note 27 (b)]	1,848.520	43,216.262
Loss on sale of shares in subsidiaries (Refer note 7)	108.464	–
Provision on advances to United Breweries (Holdings) Limited [Refer note 26(b)]	9,954.597	–
Profit on sale of manufacturing unit [Refer note 27(a)]	(356.500)	–
	18,716.681	**43,216.262**

Notes to the financial statements *(continued)*

20. Earnings per share

	As at 31 March 2015	As at 31 March 2014
Nominal value of equity shares (₹)	10	10
(a) Net profit / (loss) after tax (₹ Million)	(19,564.747)	(51,028.219)
(b) Basic number of equity shares of ₹10 each outstanding during the year	145,327,743	145,327,743
(c) Weighted average number of equity shares of ₹10 each outstanding during the year	145,327,743	143,098,057
(d) Basic and diluted earnings per share (₹ [(a) / (c)]	(134.62)	(356.60)

21. (a) Defined contribution plans

The Company offers its Employees defined contribution plans in the form of Provident fund (PF) and Employees' Pension Scheme (EPS) with the Government, Superannuation Fund (SF) and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees while the SF covers certain executives and the ESI covers certain workers. Contribution to SF is made to United Breweries Staff Superannuation Fund, however, the Company is in the process of creating its own Trust. Other contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident fund and the ESI Scheme, contributions into the pension fund and the superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

The Company has taken group term policy from a Insurance company to cover the death benefit of certain category of employees. On the death of employee, a specific amount will be paid by the insurance company to the nominee of the deceased employee as per the grade.

During the year, the Company has recognised the following amounts in the Statement of profit and loss, which are included in contribution to provident and other funds

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Provident fund and employee's pension scheme*	79.832	68.869
Superannuation fund	97.956	70.338
Employees' state insurance	7.875	10.791
Death benefit	10.397	(15.856)
National pension fund	2.201	34.876
	198.261	**169.018**

*Excluding contribution to PF made to trusts managed by the Company.

(b) Defined benefit plans

Gratuity:

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company has employees' gratuity funds managed by the Company as well as by Insurance Companies.

Provident fund:

For certain executives and workers of the Company, contributions are made as per applicable Indian laws towards Provident Fund to certain Trusts set up and managed by the Company, where the Company's obligation is to provide the agreed benefit to the employees and the actuarial risk and investment risk fall, in substance, on the Company. Having regard to the assets of the Fund and the return on the investments, shortfall in the assured rate of interest notified by the Government, which the Company is obliged to make good is determined actuarially.

Notes to the financial statements *(continued)*

21. (b) Defined benefit plans (continued)

₹ Million

	2015				2014			
	Funded		Non funded		Funded		Non funded	
	Gratuity	PF	Pension	Death benefit	Gratuity	PF	Pension	Death benefit
A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation								
Obligation at the beginning of the year	1,703.064	2,087.207	21.108	–	1,295.166	1,847.023	22.237	23.466
Contribution by plan participants	–	331.615	–	–	–	225.596	–	–
Current service cost	113.049	176.809	4.308	–	78.982	176.702	3.845	(23.466)
Interest cost	139.562	154.850	–	–	96.005	142.204	–	–
Actuarial (gain) / loss on obligations	442.231	–	–	–	423.129	–	–	–
Benefits paid	(304.751)	(458.985)	(4.447)	–	(190.218)	(304.318)	(4.974)	–
Obligation at the end of the year	**2,093.155**	**2,291.496**	**20.969**	–	**1,703.064**	**2,087.207**	**21.108**	–
B. Reconciliation of opening and closing balances of the fair value of plan assets								
Plan Assets at the beginning of the year	1,188.898	1,963.235	–	–	1,047.475	1,789.385	–	–
Adjustment for opening fair value	(0.047)	–	–	–	–	–	–	–
Contribution by plan participants	–	331.615	–	–	–	225.596	–	–
Contribution by the Company	521.446	160.057	–	–	249.949	134.583	–	–
Expected return on plan assets	119.995	158.366	–	–	99.654	145.430	–	–
Actuarial gains / (losses)	15.068	40.068	–	–	(17.962)	(27.441)	–	–
Benefits paid	(304.751)	(458.984)	–	–	(190.218)	(304.318)	–	–
Plan assets at the end of the year	**1,540.609**	**2,194.357**	**–**	**–**	**1,188.898**	**1,963.235**	**–**	**–**
C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the Balance sheet								
Present value of obligation at the end of the year	2,093.155	2,291.496	20.969	–	1,703.064	2,087.207	21.108	–
Fair value of plan assets at the end of the year	1,540.609	2,194.357	–	–	1,188.898	1,963.235	–	–
Liability / (net asset) recognised in Balance sheet	**552.546**	**97.139**	**20.969**	**–**	**514.166**	**123.972**	**21.108**	**–**
D. Expenses recognised in the statement of profit and loss								
Current service cost	113.049	176.809	4.308	–	78.982	176.702	3.845	(23.466)
Interest cost	139.562	154.850	–	–	96.005	142.204	–	–
Expected return on plan assets	(119.995)	(158.366)	–	–	(99.654)	(145.430)	–	–
Actuarial (gains) / losses	427.163	(40.068)	–	–	441.090	27.441	–	–
Total expenses recognised in the statement of profit and loss	**559.779**	**133.225**	**4.308**	**–**	**516.423**	**200.917**	**3.845**	**(23.466)**
E. Investment details of plan assets								
Government securities	0%	21%			0%	20%		
Securities guaranteed by government	0%	0%			0%	0%		
Private sector bonds	0%	0%			0%	0%		
Public sector / financial institutional bonds	0%	68%			0%	70%		
Special deposit scheme	0%	5%			0%	6%		
Fund balance with insurance companies	98%	0%			91%	0%		
Others (including bank balances)	2%	6%			9%	4%		
	100%	**100%**			**100%**	**100%**		

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return is expected to vary from year to year reflecting the returns on matching government bonds.

Notes to the financial statements *(continued)*

21. (b) Defined benefit plans (continued)

₹ Million

	2015				2014			
	Funded		Non funded		Funded		Non funded	
	Gratuity	PF	Pension	Death benefit	Gratuity	PF	Pension	Death benefit
F. Actual return on plan assets	10.41%	7.62%			8.00%	7.82%		
G. Assumptions								
Discount rate (per annum)	7.80%	7.80%	7.80%	NA	9.00%	9.00%	9.00%	NA
Expected rate of return on plan assets	9.25%	7.85%	NA	NA	9.25%	8.00%	NA	NA
Rate of increase in compensation levels	12.80%	NA	NA	NA	12.50%	NA	NA	NA
Attrition rate	10.20%	10.20%	NA	NA	10.20%	NA	NA	NA
Average past service of employees (years)	13.10	NA	NA	NA	13.00	NA	NA	NA
Mortality rates	Standard Indian Assured Lives (2006-08) Ultimate Table	LIC (a) 1996-98 ultimate table, standard India assured lives 2006-08 ultimate table	LIC (a) 1996-98 ultimate table		Standard India assured Lives 2006-08 ultimate table	LIC (a) 1996-98 ultimate table, standard India assured lives 2006-08 ultimate table	LIC (a) 1996-98 ultimate table	

	2015		2014		2013		2012		2011	
	Gratuity	PF	Gratuity	PF	Gratuity	PF	Gratuity	PF	Gratuity	PF
H. Others (funded)										
Present value of obligation	2,093.155	2,291.496	1,703.064	2,087.502	1,295.166	1,847.025	1,059.468	1,602.320	930.137	1,459.897
Fair value of plan assets	1,540.609	2,194.357	1,188.898	1,963.235	1,047.475	1,789.385	815.880	1,494.056	718.068	1,357.567
Amount recognised in Balance sheet – liability	552.546	97.139	514.166	123.972	247.691	57.640	243.588	108.264	212.069	102.330
Experience adjustments on present value of obligation	(337.759)	–	(99.702)	–	(92.425)	–	(176.898)	–	(80.631)	–
Experience adjustments on plan assets	15.068	40.068	(17.961)	(27.441)	(1.847)	58.216	(5.100)	5.485	(18.490)	(25.559)

	2015		2014		2013		2012		2011	
	Pension	Death benefit	Pension	Death benefit	Pension	Death benefit	Pension	Death benefit	Pension	Death benefit
Others (Non-funded)										
Present value of obligation	20.969	–	21.108	–	22.237	23.466	24.155	20.331	22.801	18.443
Present value of plan assets	–	–	–	–	–	–	–	–	–	–
Amount recognised in Balance sheet – liability	20.969	–	21.108	–	22.237	23.466	24.155	20.331	22.801	18.443

Notes:

1. The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
2. As per the best estimate of the Management, contribution of ₹552.546 Million (2014: ₹523.710 Million) is expected to be paid to the plans during the year ending 31 March 2016.

Notes to the financial statements *(continued)*

22. Leases

a) Finance lease

The Company has acquired computer equipment and cars on finance leases. The lease agreement is for a primary period of 36 to 60 months for computer equipment and cars. The Company has an option to renew these leases for a secondary period.

The minimum lease payments and their present value for the finance leases, for the following periods are as follows: ₹ Million

	As at 31 March 2015		As at 31 March 2014	
	Present value of payments	Minimum lease payments	Present value of payments	Minimum lease payments
Not later than one year	34.118	40.591	3.336	4.166
Later than one year and not later than five years	71.933	79.941	4.215	4.591
Later than five years	3.234	3.358	–	–
	109.285	123.890	7.551	8.757
Less: Finance charges		14.605		1.206
Present value of net minimum lease payments		**109.285**		**7.551**

b) Operating lease

The Company's significant leasing arrangements in respect of operating leases for premises (residential, office, stores, godown, manufacturing facilities etc.) and plant and machineries, which includes cancellable leases ranging between 11 months and 3 years generally (or longer in certain cases) and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 18 to the financial statements.

23. Segment reporting

The Company is engaged in the business of manufacture, purchase and sale of beverage alcohol (spirits and wines) including through tie-up manufacturing units / brand franchise, which constitutes a single business segment. The Company is primarily organised into two main geographic segments namely India and outside India. However, the Company's operations outside India did not exceed the quantitative threshold for disclosure envisaged in Accounting Standard-17 (AS-17) on "Segment Reporting" as prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. In view of the above, both primary and secondary reporting disclosures for business / geographical segment as envisaged in AS-17 are not applicable to the Company.

24. Related party disclosures

(a) Names of related parties and description of relationship

Holding company

i) Diageo Plc. (ultimate holding company with effect from 2 July 2014)

ii) Relay B V (holding company with effect from 2 July 2014)

Fellow subsidiaries

i) Diageo Scotland Limited (fellow subsidiary with effect from 2 July 2014)

ii) Diageo India Private Limited (fellow subsidiary with effect from 2 July 2014)

iii) Diageo Brands BV (fellow subsidiary with effect from 2 July 2014)

iv) Diageo Singapore Supply Pte Limited^ (fellow subsidiary with effect from 2 July 2014)

Entities having significant influence over the Company:

i) United Breweries Holdings Limited

ii) Kingfisher Finvest India Limited

Entities under common influence/control with the Company:

i) City Properties Maintenance Company Bangalore Limited

ii) United Breweries Limited

Enterprise where there is control:

(i) Subsidiary companies

1) United Spirits Nepal Private Limited (USNPL), 2) Asian Opportunities & Investment Limited (AOIL), 3) Bouvet -Ladubay S.A.S (BL), 4) Chapin Landais S.A.S (CL)^, 5) Palmer Investment Group Limited (PIG)^, 6) Montrose International SA (MI)^, 7) UB Sports Management Overseas Limited (Formerly known as " JIHL Nominees Limited")(UBS MOL) 8) Shaw Wallace Overseas Limited (SWOL)^, 9) McDowell & Co (Scotland) Limited (MSL), 10) USL Holdings Limited (USLHL), 11) Royal Challengers Sports Private Limited (RCSPL), 12) USL Holdings (UK) Limited, 13) United Spirits (UK) Limited^, 14) United Spirits (Great Britain) Limited, 15) SW Finance Co. Limited (SWFCBL) (formerly known as "Shaw Wallace Breweries Limited") ^^, 16) Four Seasons Wines Limited (FSWL), 17) Liquidity Inc^, 18) United Spirits (Shanghai)

Notes to the financial statements *(continued)*

24. Related party disclosures *(contd...)*

Trading Co. Limited^, 19) Tern Distilleries Private Limited, 20) Sovereign Distilleries Limited, 21) Pioneer Distilleries Limited, 22) United Spirits Singapore Pte Limited (formerly known as "Whyte and Mackay Singapore Pte Limited")

Consequent to the sale of Whyte and Mackay, the following companies ceased to be subsidiaries with effect from 31 October 2014. 1) Whyte and Mackay Group Limited^, 2) Whyte and Mackay Holdings Ltd^, 3) Whyte and Mackay Limited (W&M) 4) Whyte and Mackay Warehousing Limited^, 5) Bruce & Company (Leith) Limited^, 6) Charles Mackinlay & Company Limited^, 7) Dalmore Distillers Limited^, 8) Dalmore Whyte & Mackay Limited^, 9) Edinburgh Scotch Whisky Company Limited^, 10) Ewen & Company Limited^, 11) Fettercairn Distillery Limited^, 12) Findlater Scotch Whisky Limited^, 13) Glayva Liqueur Limited^, 14) Glentalla Limited, 15) GPS Realisations Limited^, 16) Grey Rogers & Company Limited^, 17) Hay & MacLeod Limited^, 18) Invergordon Distillers (Holdings) Limited^, 19) Invergordon Distillers Group Limited^, 20) Invergordon Distillers Limited^, 21) Invergordon Gin Limited^, 22) Isle of Jura Distillery Company Limited^, 23) Jarvis Halliday & Company Limited^, 24) John E McPherson & Sons Limited^, 25) Kensington Distillers Limited^, 26) Kyndal Spirits Limited^, 27) Leith Distillers Limited^, 28) Loch Glass Distilling Company Limited^, 29) Longman Distillers Limited^, 30) Lycidas (437) Limited^, 31) Pentland Bonding Company Limited^, 32) Ronald Morrison & Company Limited^,33) St The Sheep Dip Whisky Company Limited^, 34) Vincent Street (437) Limited^, 35) Tamnavulin-Glenlivet Distillery Company Limited^, 36) TDL Realisations Limited^, 37) W & S Strong Limited^,38) Watson & Middleton Limited^,39) Wauchope Moodie & Company Limited^, 40) Whyte & Mackay Distillers Limited^, 41) William Muir Limited^, 42) WMB Realisations Limited^,43) Whyte and Mackay Property Limited^,44) Whyte and Mackay de Venezuela CA^,45) KI Trustees Limited^, 46) Whyte and Mackay Americas Limited^

ii) USL Benefit Trust

Associate:

i) Wine Society of India Private Limited^

^ No transactions during the year

^^ Shaw Wallace Breweries Limited renamed as " SW Finance Co. Limited" with effect from 16 January 2013

^^^ Whyte and Mackay Singapore Pte Limited renamed as "United Spirits Singapore Pte Limited" with effect from 1 August 2014

Key Management Personnel:

i) Mr Ashok Capoor - Managing Director (effective upto 30 April 2014)

ii) Mr P A Murali - Executive Director and CFO (effective upto 22 April 2015)

iii) Mr Anand Kripalu - Managing Director and Chief Executive Officer (with effect from 14 August 2014)

Employees' Benefit Plans where there is significant influence:

i) McDowell & Company Limited Staff Gratuity Fund (McD SGF), ii) McDowell & Company Limited Officers' Gratuity Fund (McD OGF), iii) Phipson & Company Limited Management Staff Gratuity Fund (PCL SGF), iv) Phipson & Company Limited Gratuity Fund (PCL GF), v) Carew & Company Ltd. Gratuity Fund (CCL GF), vi) McDowell & Company Limited Provident Fund (McD PF), vii) Shaw Wallace & Associated Companies Employees Gratuity Fund (SWCEGF), viii) Shaw Wallace & Associated Companies Executive Staff Fund (SWCSGF), ix) Shaw Wallace & Co. Associated Companies Provident Fund (SWCPF), x) Balaji Distilleries Employees Gratuity Trust

(b) Summary of the transactions with related parties:

₹ Million

Sl. No.	Nature of transactions *	March 2015					March 2014				
		Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total
a)	Purchase of goods										
	- Whyte & Mackay Limited **	1,046.031	–	–	–	1,046.031	2,397.560	–	–	–	2,397.560
	- Tern Distilleries Private Limited	195.628	–	–	–	195.628	121.905	–	–	–	121.905
	- Pioneer Distilleries Limited	1,350.433	–	–	–	1,350.433	851.303	–	–	–	851.303
	- Sovereign Distilleries Limited	–	–	–	–	–	0.033	–	–	–	0.033
	- Four Seasons Wines Limited	94.254	–	–	–	94.254	110.443	–	–	–	110.443
	- Bouvet Ladubay S.A.S.	0.321	–	–	–	0.321	0.738	–	–	–	0.738
	- Diageo Brands B V	–	–	–	255.863	255.863	–	–	–	–	–
	- Diageo Scotland Limited	–	–	–	–	–	–	–	–	702.849	702.849

Notes to the financial statements *(continued)*

24. Related party disclosures *(contd...)*

(b) Summary of the transactions with related parties:

₹ Million

Sl. No.	Nature of transactions *	March 2015					March 2014				
		Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total
b)	Sale of goods										
	- United Spirits Nepal Private Limited	145.173	–	–	–	145.173	174.435	–	–	–	174.435
	- United Breweries (Holdings) Limited	–	–	–	50.833	50.833	–	–	–	507.649	507.649
	- Pioneer Distilleries Limited	3.150	–	–	–	3.150	–	–	–	–	–
	- United Spirits Singapore Pte Limited	1,206.980	–	–	–	1,206.980	974.228	–	–	–	974.228
c)	Income from brand franchise										
	- United Spirits Nepal Private Limited	53.460	–	–	–	53.460	58.091	–	–	–	58.091
	- Royal Challengers Sports Private Limited	–	–	–	–	–	5.000	–	–	–	5.000
d)	Income from agency commission										
	- Diageo India Private Limited	–	–	–	369.191	369.191	–	–	–	164.008	164.008
e)	Other operating income										
	- United Spirits Singapore Pte Limited	189.408	–	–	–	189.408	142.814	–	–	–	142.814
	- Pioneer Distilleries Limited	0.019	–	–	–	0.019	–	–	–	–	–
	- Whyte & Mackay Limited **	0.491	–	–	–	0.491	–	–	–	–	–
f)	Dividend received										
	- United Spirits Nepal Private Limited	14.813	–	–	–	14.813	23.277	–	–	–	23.277
g)	Interest income										
	- SW Finance Co. Limited	–	–	–	–	–	70.468	–	–	–	70.468
	- Asian Opportunities & Investments Limited	2.292	–	–	–	2.292	–	–	–	–	–
	- USL Holdings Limited	100.550	–	–	–	100.550	–	–	–	–	–
	- Pioneer Distilleries Limited	305.772	–	–	–	305.772	85.924	–	–	–	85.924
	- Four Seasons Wines Limited	46.282	–	–	–	46.282	29.378	–	–	–	29.378
	- United Breweries (Holdings) Limited ^	–	–	–	63.527	63.527	–	–	–	107.006	107.006
	- Royal Challengers Sports Private Limited	221.332	–	–	–	221.332	126.697	–	–	–	126.697
	- Tern Distilleries Private Limited	94.875	–	–	–	94.875	64.698	–	–	–	64.698
	- Sovereign Distilleries Limited	371.528	–	–	–	371.528	244.463	–	–	–	244.463
h)	Interest expenses										
	- SW Finance Co. Limited	–	–	–	–	–	450.155	–	–	–	450.155
i)	Interest payment										
	- SW Finance Co. Limited	75.600	–	–	–	75.600	–	–	–	–	–
j)	Guarantee commission- received										
	- USL Holdings Limited	–	–	–	–	–	37.184	–	–	–	37.184
	- USL Holdings (UK) Limited	–	–	–	–	–	186.559	–	–	–	186.559
k)	Advertisement & sales promotion expenses										
	- United Breweries (Holdings) Limited	–	–	–	–	–	–	–	–	63.908	63.908
	- Whyte & Mackay Limited **	–	–	–	–	–	10.775	–	–	–	10.775
l)	Rent										
	- Whyte & Mackay Limited **	89.648	–	–	–	89.648	130.767	–	–	–	130.767
	- McDowell & Co (Scotland) Limited	7.196	–	–	–	7.196	14.818	–	–	–	14.818
m)	Blending and sampling charges										
	- Whyte & Mackay Limited **	1.894	–	–	–	1.894	–	–	–	–	–
n)	Wood repair charges										
	- Whyte & Mackay Limited **	1.475	–	–	–	1.475	–	–	–	–	–

Notes to the financial statements *(continued)*

24. Related party disclosures *(contd...)*

(b) Summary of the transactions with related parties *(Continued)*:

₹ Million

Sl. No.	Nature of transactions *	March 2015					March 2014				
		Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total
o)	Salary recharge										
	- Diageo India Private Limited	–	–	–	61.491	61.491	–	–	–	167.887	167.887
p)	Trade mark license fee										
	- United Breweries (Holdings) Limited	–	–	–	576.407	576.407	–	–	–	432.743	432.743
q)	Property maintenance fees										
	- Kingfisher Finvest India Limited	–	–	–	127.341	127.341	–	–	–	143.259	143.259
r)	Guarantee / security commission paid								–		
	- United Breweries (Holdings) Limited	–	–	–	7.831	7.831	–	–	–	5.500	5.500
s)	Sale/ (purchase) of fixed asset										
	- Whyte & Mackay Limited **	(3.444)	–	–	–	(3.444)	(290.384)	–	–	–	(290.384)
	- Tern Distilleries Private Limited	–	–	–	–	–	0.120	–	–	–	0.120
	- Pioneer Distilleries Limited	3.640	–	–	–	3.640	4.182	–	–	–	4.182
t)	Finance (including loans and advances, equity contributions in cash or in kind)										
	- USL Holdings Limited	20.165	–	–	–	20.165	2,111.145	–	–	–	2,111.145
	- Royal Challengers Sports Private Limited	755.700	–	–	–	755.700	766.879	–	–	–	766.879
	- Asian Opportunities & Investments Limited	75.700	–	–	–	75.700	–	–	–	–	–
	- Four Seasons Wines Limited	15.115	–	–	–	15.115	60.550	–	–	–	60.550
	- SW Finance Co. Limited	–	–	–	–	–	119.796	–	–	–	119.796
	- Sovereign Distilleries Limited	670.203	–	–	–	670.203	1,522.944	–	–	–	1,522.944
	- Pioneer Distilleries Limited	–	–	–	–	–	249.726	–	–	–	249.726
	- United Breweries (Holdings) Limited	–	–	–	–	–	–	–	–	8,391.816	8,391.816
	- Tern Distilleries Private Limited	172.525	–	–	–	172.525	157.777	–	–	–	157.777
u)	Remuneration										
	- Managing Director (Ashok Capoor)	–	2.894	–	–	2.894	–	66.169	–	–	66.169
	- Managing Director (Anand Kripalu)	–	62.013	–	–	62.013	–	–	–	–	–
	- Executive Director (P A Murali)	–	153.092	–	–	153.092	–	47.792	–	–	47.792
v)	Rent										
	- Managing Director (Ashok Capoor)	–	0.720	–	–	0.720	–	8.290	–	–	8.290
	- Executive Director (P A Murali)	–	14.454	–	–	14.454	–	7.938	–	–	7.938
w)	Contribution to gratuity fund										
	- McDowell & Company Limited Officers' Gratuity Fund	–	–	332.283	–	332.283	–	–	193.010	–	193.010
	- Mc Dowell & Company Limited Staff Gratuity fund	–	–	180.920	–	180.920	–	–	54.681	–	54.681
x)	Contribution to provident fund										
	- McDowell & Company Limited Provident Fund	–	–	359.462	–	359.462	–	–	134.583	–	134.583
y)	Dividend paid										
	- USL Benefit Trust	–	–	–	–	–	8.648	–	–	–	8.648
	- United Breweries (Holdings) Limited	–	–	–	–	–	–	–	–	25.369	25.369
	- Relay B V	–	–	–	–	–	–	–	–	90.898	90.898
z)	Guarantees and collaterals given / (withdrawn)										
	- USL Holdings Limited	(1,244.880)	–	–	–	(1,244.880)	(7,954.350)	–	–	–	(7,954.350)
	- USL Holdings (UK) Limited	–	–	–	–	–	(40,300.000)	–	–	–	(40,300.000)
	- Sovereign Distilleries Limited	–	–	–	–	–	(1,250.000)	–	–	–	(1,250.000)
aa)	Guarantees (received)/ reduced										
	- Four Seasons Wines Limited	–	–	–	–	–	1,500.000	–	–	–	1,500.000

Notes to the financial statements *(continued)*

24. Related party disclosures *(contd...)*

(b) Summary of the transactions with related parties *(Continued)*:

₹ Million

Sl. No.	Nature of transactions *	March 2015					March 2014				
		Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total
ab)	Provisions for doubtful loans and advances										
	- USL Holdings Limited	2,144.468	–	–	–	2,144.468	36,142.314	–	–	–	36,142.314
	- USL Holdings (UK) Limited	178.411	–	–	–	178.411	–	–	–	–	–
	- Pioneer Distilleries Limited	819.020	–	–	–	819.020	–	–	–	–	–
	- Sovereign Distilleries Limited	2,207.090	–	–	–	2,207.090	–	–	–	–	–
	- Asian Opportunities & Investments Limited	245.477	–	–	–	245.477	–	–	–	–	–
	- Tern Distilleries Private Limited	271.910	–	–	–	271.910	–	–	–	–	–
	- United Breweries (Holdings) Limited (Includes provision for interest ₹ Nil (2014: ₹963.069 Million))	–	–	–	9,954.596	9,954.596	–	–	–	4,266.255	4,266.255
ac)	Expenses incurred on behalf of the Company, reimbursable										
	- United Breweries Limited	–	–	–	4.791	4.791	–	–	–	6.483	6.483
ad)	Expenses incurred by the Company on behalf of others, reimbursable										
	- United Breweries Limited	–	–	–	12.037	12.037	–	–	–	17.120	17.120
ae)	Housekeeping ,Security and other Maintenance Services										
	- City Properties Maintenance Company Bangalore Limited	–	–	–	50.559	50.559	–	–	–	40.748	40.748

(c) Summary of closing balances with related parties:

₹ Million

Sl. No.	Nature of transactions *	March 2015					March 2014				
		Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total
af)	Lease deposit										
	- Sovereign Distilleries Limited	–	–	–	–	–	506.330	–	–	–	506.330
ag)	License fee deposit										
	- McDowell & Co (Scotland) Limited	–	–	–	–	–	3.676	–	–	–	3.676
ah)	Unammortised trademark license fees										
	- United Breweries (Holdings) Limited	–	–	–	2,635.822	2,635.822	–	–	–	2,844.250	2,844.250
ai)	Rental Deposit										
	- Managing Director (Ashok Capoor)	–	8.640	–	–	8.640	–	8.640	–	–	8.640
	- Executive Director (P A Murali)	–	6.415	–	–	6.415	–	6.415	–	–	6.415

Notes to the financial statements *(continued)*

24. Related party disclosures *(contd...)*

(c) Summary of closing balances with related parties: *(Continued):*

₹ Million

Sl. No.	Nature of transactions *	March 2015					March 2014				
		Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total
aj)	Amount due from/ (to)										
	- USL Holdings Limited	49,512.790	–	–	–	49,512.790	47,928.849	–	–	–	47,928.849
	- Asian Opportunities & Investments Limited	1,804.517	–	–	–	1,804.517	2,123.690	–	–	–	2,123.690
	- Royal Challengers Sports Private Limited	3,507.846	–	–	–	3,507.846	2,555.853	–	–	–	2,555.853
	- Four Seasons Wines Limited	625.251	–	–	–	625.251	515.248	–	–	–	515.248
	- SW Finance Co. Limited	(4,953.878)	–	–	–	(4,953.878)	(5,029.478)	–	–	–	(5,029.478)
	- Sovereign Distilleries Limited	3,862.391	–	–	–	3,862.391	2,857.812	–	–	–	2,857.812
	- Pioneer Distilleries Limited	3,211.924	–	–	–	3,211.924	2,530.222	–	–	–	2,530.222
	- United Spirits Singapore Pte Limited	624.703	–	–	–	624.703	431.797	–	–	–	431.797
	- Whyte & Mackay Limited **	(121.660)	–	–	–	(121.660)	(329.244)	–	–	–	(329.244)
	- United Breweries (Holdings) Limited	–	–	–	14,219.646	14,219.646	–	–	–	14,223.061	14,223.061
	- United Breweries (Holdings) Limited (UB Global)	–	–	–	134.703	134.703	–	–	–	155.692	155.692
	- United Breweries (Holdings) Limited (Pegasus)	–	–	–	(126.405)	(126.405)	–	–	–	(27.189)	(27.189)
	- Tern Distilleries Private Limited	876.615	–	–	–	876.615	807.371	–	–	–	807.371
	- USL Holdings (UK) Limited	178.411	–	–	–	178.411	186.559	–	–	–	186.559
	- Diageo India Private Limited	–	–	–	88.396	88.396	–	–	–	(81.351)	(81.351)
	- Diageo Scotland Limited	–	–	–	–	–	–	–	–	(812.932)	(812.932)
	- Kingfisher Finvest India Limited	–	–	–	0.865	0.865	–	–	–	(27.870)	(27.870)
	- Diageo Brands BV	–	–	–	(255.863)	(255.863)	–	–	–	–	–
	- McDowell & Company Limited Provident Fund	–	–	(30.539)	–	(30.539)	–	–	(25.353)	–	(25.353)
	- McDowell & Company Limited Officers' Gratuity Fund	–	–	(438.377)	–	(438.377)	–	–	(332.283)	–	(332.283)
	- McDowell & Company Limited Staff Gratuity Fund	–	–	(111.976)	–	(111.976)	–	–	(180.920)	–	(180.920)
	- United Spirits (Shanghai) Trading Co. Limited	15.741	–	–	–	15.741	15.741	–	–	–	15.741
	- United Spirits Nepal Private Limited	108.594	–	–	–	108.594	151.684	–	–	–	151.684
	- Liquidity Inc.	53.808	–	–	–	53.808	53.808	–	–	–	53.808
	- City Properties Maintenance Company Bangalore Limited	–	–	–	(7.016)	(7.016)	–	–	–	(6.995)	(6.995)
	- United Breweries Limited	–	–	–	16.879	16.879	–	–	–	5.659	5.659
	- McDowell & Co (Scotland) Limited	395.040	–	–	–	395.040	389.060	–	–	–	389.060
ak)	Provisions for doubtful loans and advances										
	- USL Holdings Limited	38,286.782	–	–	–	38,286.782	36,142.314	–	–	–	36,142.314
	- USL Holdings (UK) Limited	178.411	–	–	–	178.411	–	–	–	–	–
	- Liquidity Inc.	53.808	–	–	–	53.808	–	–	–	–	–
	- United Spirits (Shanghai) Trading Co. Limited	15.741	–	–	–	15.741	–	–	–	–	–
	- Pioneer Distilleries Limited	819.020	–	–	–	819.020	–	–	–	–	–
	- Sovereign Distilleries Limited	2,207.090	–	–	–	2,207.090	–	–	–	–	–
	- Asian Opportunities & Investments Limited	245.477	–	–	–	245.477	–	–	–	–	–
	- Tern Distilleries Private Limited	271.910	–	–	–	271.910	–	–	–	–	–
	- United Breweries (Holdings) Limited (Includes provision for interest ₹963.069 Million (2014: ₹963.069 Million))	–	–	–	14,220.850	14,220.850	–	–	–	4,266.255	4,266.255

24. Related party disclosures *(contd...)*

(c) Summary of closing balances with related parties: *(Continued):* ₹ Million

Sl. No.	Nature of transactions *	March 2015					March 2014				
		Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total
al)	Interest as sole beneficiary in USL Benefit Trust	1,196.969	–	–	–	1,196.969	1,196.969	–	–	–	1,196.969
am)	Guarantees and collaterals given/ (received) outstanding										
	- USL Holdings Limited	–	–	–	–	–	1,244.880	–	–	–	1,244.880
	- Pioneer Distilleries Limited	934.400	–	–	–	934.400	934.400	–	–	–	934.400
	- United Breweries (Holdings) Limited	–	–	–	(550.000)	(550.000)	–	–	–	(550.000)	(550.000)

* Excludes reimbursement of expenses and cost sharing arrangements, unless otherwise stated.

** Represents balance as on 31 October 2014 when the company ceased to be the subsidiary

^ During the year, the Company has not recognised interest income amounting to ₹1,207.545 Million on advances to United Breweries (Holdings) Limited.

The Company has also given letter of support to the following subsidiaries to conduct their operations in such a manner as to enable to meet its obligations:

i) Pioneer Distilleries Limited, ii) Sovereign Distilleries Limited, iii) Tern Distilleries Private Limited, iv) Four Seasons Wines Limited, v) Royal Challengers Sports Private Limited, vi) Asian Opportunities & Investment Limited, vii) United Spirits Singapore Pte Limited, viii) Montrose International SA, ix) Palmer Investment Group Limited, x) UB Sports Management Overseas Ltd (Formerly known as " JIHL Nominees Limited") xi) USL Holdings Limited xii) USL Holdings (UK) Limited xiii) United Spirits (UK) Limited xiv) United Spirits (Great Britain) Limited xv) Liquidity Inc xvi) United Spirits (Shanghai) Trading Co. Limited

Refer note 24(d) for details of historical contracts that were not approved by the shareholders of the Company as per the requirements of the listing agreements entered into by the Company with various stock exchanges.

Note: The following agreement was also entered in July 2013, however there was no transaction:
- United Breweries (Holdings) Limited (UBHL) has a drag along right under a property sale agreement between UBHL and the Company which is exercisable at fair value upto July 2015.

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

24. (d) As per the requirements of the listing agreements entered into by the Company with various stock exchanges, and applicable circulars issued by SEBI (including circular No. CIR/CFD/POLICY CELL/2/2014 dated 17 April 2014 ("April 17 Circular") and circular No. CIR/CFD/POLICY CELL/7/2014 dated 15 September 2014), the Company sought approval of its shareholders for certain historical agreements at the Extraordinary General Meeting ("EGM") held on 28 November 2014, including the following: (a) loan agreement dated 3 July 2013, between the Company and UBHL; (b) agreements dated 30 September 2011 and 22 December 2011 respectively, between the Company and UBHL requiring UBHL to sell to the Company certain immovable properties; (c) services agreement dated 3 July 2013, between the Company and Kingfisher Finvest India Limited; (d) advertising agreement dated 1 October 2013 (which amended and restated the original agreement dated 3 July 2013) between the Company and Watson Limited; (e) sponsorship agreement dated 11 June 2013 between the Company and United Racing & Bloodstock Breeders Limited; (f) sponsorship agreement dated 11 June 2013 between the Company and United Mohun Bagan Football Team Private Limited; (g) aircraft services agreement dated 11 June 2013 between the Company and UB Air Private Limited; (h) properties call agreement dated 11 June 2013 between the Company and PE Data Centre Resources Private Limited; and (i) contribution agreement dated 11June 2013 between the Company and Vittal Mallya Scientific Research Foundation.

As stated in the EGM notice dated 31 October 2014, each of the above-mentioned transactions were duly approved by the board of directors of the Company, prior to entering into the agreement corresponding to such transaction. The EGM notice further stated that while the April 17 Circular mandates that all existing material related party transactions be placed before the shareholders for their approval by way of a special resolution, thus far, the consequences of any non-approval of such existing transactions by the shareholders by the requisite majority is unclear. It is therefore possible that non-approval of one or more of the above-mentioned agreements by the requisite majority may result in the Company being obliged to cease to act upon and potentially put the Company in breach of such agreements, which are the subject of non-approval by the shareholders. This could potentially result in a dispute with the relevant counterparties who may contend that the

Notes to the financial statements *(continued)*

24. Related party disclosures *(contd...)*

Company has breached the relevant agreement by failing to act on or fulfil its obligations under the same. Such potential disputes could be protracted and costly, and could result in financial or other liabilities on the Company. Also, any inability on the part of the Company to act on or fulfil its obligations under the unapproved agreements could result in the Company being potentially unable to receive the benefit of the various rights that it is entitled to under such agreements (such as in the case of the agreement noted in (b) above). It was also stated in the EGM Notice that in the absence of sufficient clarity in respect of the provisions dealing with existing material related party contracts and arrangements, the Company was tabling the above-mentioned agreements for the approval of the shareholders by way of abundant caution.

It was further stated that the Company was still in the process of seeking confirmations from, and verifying the position in relation to, the counterparties to, inter alia, the above mentioned agreements as to whether or not they are related parties of the Company, and it was not clear whether the counterparties to such agreements are indeed related parties of the Company for the purpose of Clause 49(VII) of the Listing Agreement. However, to the extent it ultimately transpired that all or any of above mentioned agreements do not qualify as existing material related party contracts or arrangements, or the counterparties to all or any of these agreements do not qualify as related parties of the Company, such that approval of the shareholders of the Company is not required under the April 17 Circular in respect of any of the above mentioned contracts or arrangements then, in that case, it shall follow that there will be no consequences on such contracts or arrangements or on their validity or on any act or omission that may have been committed or omitted pursuant thereto, by reason of the shareholders having approved or not approved any of such contracts or arrangements.

At the EGM, the above-mentioned agreements were not approved by the shareholders of the Company by requisite majority. Consequently, the Company has sought clarifications/ directions from SEBI with respect to the implications of the non-approval of the aforesaid agreements by the shareholders of the Company.

Pending the clarification / direction from SEBI, the Company has recognised the charges up to 28 November 2014, in respect of the agreements listed in (c) to (g) and (i) above, amounting to ₹1,357.3 Million during the financial year ended 31 March 2015 (₹1,382.2 Million for the financial year ended 31 March 2014). In light of the fact that the Company's shareholders have not approved the said agreements on 28 November 2014, the Company has not recognised the charges amounting to ₹486.2 Million from 29 November 2014 to 31 March 2015 payable under the agreements listed in (c) to (g) and (i) above. The Company has informed the respective counterparties that the contracts mentioned above have not been approved by the shareholders. Further, subsequent to 28 November 2014, in response to the letters received by the Company from the concerned counterparties, the Company has made payments amounting to ₹74.3 Million to some of these counterparties with respect to the dues for services received prior to 28 November 2014 specifically stating that the said amounts would be refundable to the Company if it is determined that such amounts were not payable by the Company in view of the shareholders not having approved the respective agreements. Pending the clarifications / directions from SEBI, the Company has not made any payments to the respective counterparties under the agreements in (c) to (g) and (i) above for the period subsequent to 28 November 2014 and has considered these amounts as contingent liabilities. Also see Note 26(b) above in relation to the loan agreement listed above.

The summary of the transactions in relation to the historical agreements as below [excluding transactions already disclosed in note 24(b)]:

₹ Million

Sl. No.	Name of party	Nature of transactions	01 April 2014 to 28 November 2014	For the year ended 31 March 2014
1	United Racing and Bloodstock Breeders Limited	Advertisement & sales promotion	56.180	63.203
2	United Mohun Bagan Football Team Private Limited	Advertisement & sales promotion	59.925	67.416
3	Watson Limited	Advertisement & sales promotion	816.347	879.226
4	Vittal Mallya scientific research foundation	Contribution for scientific research	16.667	18.750
5	UB Air Private Limited	Aircraft charges	280.900	210.393
6	PE Data Centre Resources Private Limited	Property option agreement	–	281.394
7	UB Air Private Limited	Provision for doubtful advance	–	157.040

Summary of closing balances with the above mentioned parties [excluding transactions already disclosed in note 24 (c)]:

₹ Million

Sl. No.	Name of party	Nature of transactions	As at 31 March 2015	As at 31 March 2014
1	UB Air Private Limited	Deposits outstanding	50.000	50.000
2	Watson Limited	Advance for Racing Season	–	478.824
3	PE Data Centre Resources Private Limited	Property Call Money Received	281.394	281.394
4	United Racing and Bloodstock Breeders Limited	Amount due from / (to)	–	(6.125)
5	United Mohun Bagan Football Team Private Limited	Amount due from / (to)	(6.400)	(6.533)
6	Vittal Mallya Scientific Research Foundation	Amount due from / (to)	(0.000)	(2.083)
7	UB Air Private Limited	Amount due from / (to)	157.040	144.336
8	UB Air Private Limited	Provision for doubtful advance	(157.040)	(157.040)

Notes to the financial statements *(continued)*

25. (a) Prepayment of Credit Facility

During the year ended 31 March 2014, the Company decided to prepay credit facilities availed in the earlier years from a bank amounting to ₹6,216.600 Million, secured by assets of the Company and pledge of shares of the Company held by the USL Benefit Trust. The Company deposited a sum of ₹6,280.0 Million including prepayment penalty of ₹40.0 Million with the bank and instructed the bank to debit the amount from the cash credit account towards settlement of the loan and release the assets / shares pledged by the Company. The bank, however, disputed the prepayment and continues to debit the account towards the instalments and interest as per the loan agreement. The Company has disputed the same and a petition is pending before the Honourable High Court of Karnataka. On 31 March 2015, the bank demanded an amount of ₹474.0 Million towards principal and interest on the said loan. The Company has sought a stay from the Honourable High Court of Karnataka with respect to the aforesaid demand. Pending settlement with the bank, the loan amount and balance available in cash credit account is presented on net basis in the financial results as at 31 March 2015. The tenure of credit facility has been completed as on 31 March 2015.

25. (b) During the year, a bank has declared one of the directors of the Company as a wilful defaulter in respect of another company where he is a promoter director. The Reserve Bank of India's Master Circular on wilful defaulters along with certain covenants in the loan agreements sanctioned by the Company's bankers raise an uncertainty on the impact of this development on the availability of credit facilities to the Company. The said director has assured the Board that he will take appropriate steps to ensure that the operations of the Company are not impacted. Having received such assurance from the said director and appropriate comfort from the controlling shareholder of the Company, the financial results have been prepared on a going concern basis. The Company understands from public records that the above-mentioned decision of the bank declaring the said director as a wilful defaulter has been quashed by an order of the Calcutta High Court on 24 December 2014.

26. Provision for doubtful receivable, advances and deposits

During the previous financial year, the Board had directed a detailed and expeditious inquiry in relation to certain matters referred in paragraphs 26 (a) to 26 (c) below, the role of individuals involved and potential non-compliance (if any) with the provisions of the Companies Act, 1956, and other regulations applicable to the Company in relation to such transactions, and the possible existence of any other transaction of a similar nature (the "Inquiry"). Pursuant to the directions of the Board, the Inquiry was headed by the Managing Director and Chief Executive Officer ("MD & CEO") of the Company. The Board also directed the MD & CEO to engage independent advisers and specialists as required. At its meeting held on 25 April 2015, the Board discussed and considered in detail the report ("Inquiry Report") submitted by the MD & CEO in relation to the Inquiry, the inputs and expert advice of the independent advisers and specialists and other relevant inputs.

26. (a) During the financial year ended 31 March 2014, certain parties who had previously given undisputed balance confirmations for the financial year ended 31 March 2013, claimed in their balance confirmations to the Company for the financial year ended 31 March 2014 that they had advanced certain amounts to certain alleged UB Group entities and that the dues owed by such parties to the Company would, to the extent of the amounts owing by such alleged UB Group entities to such parties in respect of such advances, be paid / refunded by such parties to the Company only upon receipt of their dues from such alleged UB Group entities. These dues of such parties to the Company were on account of advances by the Company in the earlier years under agreements for enhancing capacity, obtaining exclusivity and lease deposits in relation to Tie-up Manufacturing Units ("TMUs"); agreements for specific projects; or dues owing to the Company from customers. In response to these claims, under the instruction of the Board, a preliminary internal inquiry was initiated by the Management. Based on the findings of the preliminary internal inquiry by the Management, the Management's assessment of recoverability and other considerations, as a matter of prudence, an aggregate amount of ₹6,495.480 Million (including interest claimed) was provided in the financial statements for the financial year ended 31 March 2014 and was disclosed as a prior period item. Management has sought confirmations of balances from these counterparties for the year ended 31 March 2015 but have not received responses from some of them.

The Inquiry Report stated that between 2010 and 2013, funds involved in many of these transactions were diverted from the Company and/or its subsidiaries to certain UB Group companies, including in particular, Kingfisher Airlines Limited ("KFA"). The diverted amounts were included in the provision made by the Company in the financial statements for the previous financial year. The Inquiry also indicated that the manner in which certain transactions were conducted, prima facie, indicates various improprieties and potential violations of provisions, inter alia, of the Companies Act, 1956, and the listing agreement signed by the Company with various stock exchanges in India on which its securities are listed. The financial impact of these non-compliances on the Company were estimated by Management to be not material.

During the year ended 31 March 2015, an additional provision of ₹216.0 Million was made for interest claimed. The Management has determined that in light of these provisions, no additional material adjustments to the financial statements are required on this account.

In connection with the recovery of the funds that were diverted from the Company and/or its subsidiaries, pursuant to the decision of the Board at its meeting held on 25 April 2015, the Company is in the process of initiating steps for recovery against the relevant parties, so as to seek to expeditiously recover the Company's dues from such parties, to the extent possible.

26. (b) Certain pre-existing loans / deposits / advances were due to the Company and its wholly-owned subsidiaries from United Breweries (Holdings) Limited ("UBHL") and were in existence as on 31 March 2013. Such dues (together with interest) aggregating ₹13,374.167 Millions, were consolidated into, and recorded as, an unsecured loan by way of an agreement entered into between the Company and UBHL on 3

Notes to the financial statements *(continued)*

26. Provision for doubtful receivable, advances and deposits *(contd...)*

July 2013. In addition, the amounts owed by UBHL to the Company's wholly-owned subsidiaries had been assigned by such subsidiaries to the Company and recorded as loans from such subsidiaries in the books of the Company. The interest rate under the above mentioned loan agreement with UBHL is 9.5% p.a., with the interest to be paid at six-monthly intervals starting at the end of 18 months from the effective date of the loan agreement. The loan has been granted for a period of eight years and is payable in three annual instalments commencing from the end of 6th anniversary of the effective date of the loan agreement.

Certain lenders have filed petitions for winding up against UBHL. UBHL has provided guarantees to lenders and other vendors of Kingfisher Airlines Limited (KFA), a UB Group entity. Most of these guarantees have been invoked and are being challenged in Courts. The Company has also filed its affidavit opposing the aforesaid winding up petitions and the matter is sub-judice.

Pursuant to the directions of the Board, the Inquiry also included a review of documentation to further understand and assess elements of and background to the above loan arrangement and to establish the rationale / basis for the interest rate applicable in respect of the consolidated loan amount.

With regard to the prior transactions that were consolidated into the single loan on 3 July 2013, the Inquiry Report stated that, prima facie, between 2010 and July 2013, certain transactions appear to have been undertaken and certain accounting entries appear to have been made to show a lower exposure of the Company (and its subsidiaries) to UBHL than the exposure that actually existed at that time. Prima facie, this indicates various improprieties and potential violations of provisions, inter alia, of the Companies Act, 1956, and the listing agreement signed by the Company with various stock exchanges in India on which its securities are listed. The Company is in the process of evaluating its rights and remedies in relation to such violations. The financial impact of these non-compliances on the Company were estimated by Management to be not material.

During the previous year, as a matter of prudence, the Company had not recognised interest income of ₹963.069 Million and had provided ₹3,303.186 Million towards the principal outstanding as at 31 March 2014. The notes to accounts for the previous year had recorded the Management's belief that it should be able to recover, and that no further provision is required for the balance amount of ₹9,954.597 Million. The said notes also mentioned that the Management would continue to assess the recoverability of the said loan on an on-going basis.

As per the terms of the said loan agreement, an amount of ₹1,911.0 Million (gross of tax) was payable by UBHL to the Company towards the interest payable as of January 2015 under the loan agreement. However, the Company is yet to receive such interest payment from UBHL. The Company has received a letter from UBHL stating that it is involved in litigations with various creditors of KFA in different courts all over the country, and that some of the winding up petitions filed against UBHL have been admitted by the High Court of Karnataka.

As a result of the above and other relevant factors, as a matter of prudence, the Company has provided a further amount of ₹9,954.597 Million towards the entire balance principal amount (i.e., the entire principal amount due under the loan agreement less the amount already provided in the accounts for the financial year ended 31 March 2014) and has not recognised interest income of ₹1,207.545 Million. The Company will pursue all rights and claims to recover the entire amount of the loan together with accrued interest from UBHL.

Also refer Note 24 (d) in connection with the non-approval by the shareholders of the Company of the loan agreement with UBHL (and of other potential related party transactions).

26. (c) In May 2014, the Company received a letter on behalf of a third-party claimant alleging that the Company had signed agreements creating a lien on certain assets held by the Company, to secure loans provided by the third party claimant to Kingfisher Airlines Limited. The Company disputed this and the claim was subsequently withdrawn by the third party. Pursuant to the directions of the Board, the Inquiry included a review of documentation to further understand and assess the Company's position in relation to the above matter. The Inquiry indicated that no Board authorisation or approval had been obtained to authorize anyone to execute any such agreement to create a lien on the investments of the Company to secure the rights of the third party claimant. No claims were received from the claimant or any other person during the year. Based on the Inquiry and its current knowledge, Management does not expect any liability or obligation to arise from this matter.

26. (d) In relation to the Company's funds that were diverted from the Company, the Board of Directors at their meeting held on 25 April 2015, unanimously agreed to pursue all rights and claims against the relevant parties mentioned in the Inquiry Report to expeditiously recover the Company's dues from such parties, to the extent possible.

26. (e) With regard to the possible existence of any other transaction of a similar nature, the Inquiry identified references to certain additional parties ("Additional Parties") in various documents, which also dealt with transactions involving the counterparties referred to in the notes to the Company's audited financial statements for the previous financial year. The Inquiry also identified certain additional matters ("Additional Matters") where the documents identified raised concerns as to the propriety of the underlying transactions. The Management has made the following provisions with respect to such transactions: (a) ₹678.080 Million made in the Company's financial statements for the financial year ended 31 March 2015, (b) ₹445.486 Million made in the Company's subsidiaries' financial statements for the financial year ended 31 March 2015, (c) ₹157.040 Million made in the previous year in the Company's financial statements and (d) ₹1,087.10 Million made in the previous year in the Company's consolidated financial statements. The Management believes these provisions are adequate and no additional material adjustments are likely to be required in relation thereto.

The Board also believes that it is necessary to assess whether the Additional Matters or the transactions with the Additional Parties were improper. The Board has therefore directed the CEO & MD to expeditiously review the Additional Matters and transactions with the Additional Parties during the period covered by the Inquiry and report to the Board his conclusions on the transactions and any further impact on the Company's financial statements.

Notes to the financial statements *(continued)*

27. (a) During the year, the scheme of arrangement between the Company and Enrica Enterprises Private Limited ("Enrica") and its shareholders and creditors as the case may be in respect of transfer of undertaking of the Company in Tamil Nadu by way of slump sale, on a going concern basis, under Section 391 read with Section 394 of the Companies Act, 1956 (the "Scheme") with an Appointed Date of 1 April 2013 has been sanctioned by the Honourable High Courts of Karnataka and Madras under their orders dated19 February 2015 and 31 July 2014 respectively.

Upon necessary filing with the respective Registrar of Companies, the Scheme has become effective from 30 March 2015 (the 'Effective Date') and the effect of the Scheme has been given in these financial statements of the Company. Consequently,

i) the entire business and undertaking of the 'Transferred Undertaking' of the Company, including all assets and liabilities, as a going concern, stands transferred into Enrica with effect from 1 April 2013 being the Appointed Date. The book value of net assets of the Transferred Undertaking as at 1 April 2013 amounts to ₹894.200 million.

ii) In consideration thereof, the Company has received amount of ₹1,000.00 Million during the year and balance amount of ₹250.700 Million has been received subsequent to the Balance sheet date.

iii) The Company has recorded a net profit of ₹356.500 Million pursuant to sale of the Transferred Undertaking during the year. The profit has been credited to the Statement of profit and loss and has been disclosed separately under the head "Exceptional items (net)".

Statement of profit and loss ₹ Million

Particulars	For the period from 1 April 2014 till 30 March 2015	For the year ended 31 March 2014
Net sales	5,126.129	4,509.057
Material cost	3,445.863	3,162.020
Gross profit	1,680.266	1,347.037
Other expenses (including Interest and depreciation)	1,482.172	1,264.460
Profit before tax	198.094	82.577

Statement of assets and liabilities transferred to Enrica enterprises limited and accounting treatment in financial statements: ₹ Million

Particulars		1 April 2013
Total assets		2,002.620
Total liabilities		1,108.420
Net assets transferred	(A)	894.200
Sale consideration received	(B)	1,250.700
Net surplus	**(B - A)**	**356.500**

The Company has also entered into a Franchise Agreement with Enrica under which the Company is entitled to royalty payments in consideration for grant of manufacturing, marketing, distribution and sale rights to Enrica in defined territories. From the Appointed Date up to the Effective Date, the royalty payable was a fixed amount per case or the Franchisee's profit (before tax and royalty) in respect of the franchised products, whichever is lower. Subsequent to the Effective Date, royalty at net sales realisation linked slab rate will accrue to the Company as per the Franchise Agreement.

The net amount resulting from the reversal of the profits of the Transferred Undertaking recognised for the year ended 31 March 2014 and the income under the franchise agreements has been adjusted in the balance of surplus in Statement of profit and loss under the head "Reserves and Surplus". Further, revenue and expenses of the Transferred Undertaking for the Financial Year 2014-15 and its assets and liabilities as at 31 March 2015, have not been considered in the financial statements.

All costs and expenses incidental to the finalisation and implementation of the Scheme, including stamp duty charges, meeting expenses, professional fees, consulting fees and any other expenses attributable to the implementation of the Scheme are debited to respective head of 'Expenditure'. An amount of ₹871.333 Million is recoverable from Enrica with respect to the working capital amount from the appointed date to the effective date and the balance consideration receivable by the Company.

27. (b) Further to Diageo plc's undertakings offered to UK's Office of Fair Trade ("OFT") (now called Competition and Markets Authority, UK), in January 2014, the Company's Board of Directors decided to initiate a process based on the outlined time-table provided in connection with the decision of the OFT to explore a potential sale of all or part of Whyte and Mackay. As a culmination of this process, on 9 May 2014 the Company's then wholly owned subsidiary, United Spirits (Great Britain) Limited ("seller" or "USGBL") entered into a Share Sale and Purchase agreement with Emperador UK Limited and Emperador Inc. in relation to the sale of the entire issued share capital of Whyte and Mackay Group Limited ("WMG") for an enterprise value of GBP 430 Million (calculated with a normalized level of working capital), from which deduction has been made for the payment of a warranty and indemnity insurance premium of GBP 0.85 Million agreed between the seller

Notes to the financial statements *(continued)*

27. *(contd...)*

and the purchaser. An opinion from a leading merchant banker, addressed to the Board, confirms that the enterprise value is fair from a financial point of view of the Company.

On 31 October 2014, the sale of the entire issued share capital of WMG by USGBL to Emperador UK Limited was completed. With the above sale, WMG and its 45 subsidiaries have ceased to be subsidiaries of the Company. Part of the proceeds from the sale was used to repay Whyte and Mackay acquisition debt amounting to GBP 370 million. Post adjustment of Pension Deficit, repayment of debt and movements in Net Working Capital, the Company will get the balance funds. A Retention Deposit of GBP 10 million is retained for any claims for a period of 7 months post completion. The sale has resulted in true up of provision towards the recoverability of the investments and loans given for WMG, including Palmer and Montrose amounting to ₹45,064.887 Million. Consequently, additional provision of ₹1,848.522 Million has been recorded for the year ended 31 March 2015 as an exceptional item. The Company has received a letter dated 16 October 2014 from the authorised dealer advising the Company to complete the disinvestment of WMG and subsequent liquidation of the intermediary wholly owned subsidiary companies. The provisional write off approval is subject to submission of the required documents within a period of 30 days from the date of liquidation of the aforesaid wholly owned subsidiaries. The Company will comply with the requisite conditions specified by the authorised dealer in accordance with applicable law.

The Company pursuant to mandatory applicable accounting standards, to impair its investment in USL Holdings Ltd., BVI and provide for the Intra-USL Group Loan as per details below:

₹ Million

Particulars	31 March 2015	31 March 2014
Provision for investment	22.183	22.183
Provision for loans given (net of FCTR balance of ₹10,273.789 Million)	37,990.866	36,142.346
Total	**38,013.049**	**36,164.529**

In addition to the above, based on the Management's assessments of the recoverability of the underlying assets, an aggregate provision for diminution in the value of investment of ₹7,051.733 Million has been made for the year ended 31 March 2014 on investments held in Palmer Investment Group Limited ₹6,917.801 Million and Montrose International S.A ₹133.932 Million.

28. During the year ended 31 March 2015, the Company has recorded the provisions for diminution on long-term investments in subsidiaries amounting to ₹3,618.093 Million and loans and advances to subsidiaries amounting to ₹3,543.507 Million. This provision arises primarily due to low capacity utilization, negative margins or strategic shift in focus of the business. The Company has recorded this provision based on third party valuations.

29. Scheme of amalgamations

The Board of Directors at their meeting held on 8 January 2014, have approved the amalgamation of:

i) Tern Distilleries Private Limited, a wholly owned subsidiary of the Company ("TERN") pursuant to a Draft Rehabilitation Scheme and applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 with the appointed date as 1 April 2013 ("TERN Scheme"). The entire operations of TERN comprise transactions with the Company. The net impact on the financial statement of the Company from such amalgamation is expected to be insignificant when effected. The equity shareholders of the Company approved the TERN Scheme at their Extraordinary General Meeting held on 18 March 2014 and the approval by the Board for Industrial and Financial Reconstruction ("BIFR") is in progress. Pending approval of the TERN Scheme, no effect has been given in the financial statement. A summary of Statement of profit and loss and the statement of assets and liabilities of TERN for the year ended 31 March 2015 is as below:

Statement of profit and loss ₹ Million

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Total revenue	190.419	118.353
Total expenses	419.225	292.711
Extraordinary expenses	–	1.306
Loss for the year	**(228.806)**	**(175.664)**

Statement of assets and liabilities ₹ Million

Particulars	As at 31 March 2015	As at 31 March 2014
Total assets	436.774	587.060
Total liabilities	23.465	14.184
Net assets	**413.309**	**572.876**

Notes to the financial statements *(continued)*

29. Scheme of amalgamations *(contd...)*

ii) SW Finance Company Limited, a wholly owned subsidiary of the Company ("SWFCL") with the Company with the appointed date of 1 January 2014 ("SWFCL Scheme") pursuant to the applicable provisions of the Companies Act, 1956, and subject to the sanction of the Honourable jurisdictional High Courts / any competent authority. The accounting for the above amalgamation shall be done upon receiving the necessary sanctions / approval from various regulatory authorities including the Registrar of Companies. Upon the SWFCL Scheme becoming effective, SWFCL will stand merged with the Company. Pending approval of the SWFCL Scheme, no effect has been given in the accompanying financial statement. The operations of SWFCL are predominantly with the Company. The net impact on the financial statement of the Company from such operations is expected to be immaterial when effected. A summary of Statement of profit and loss and the Statement of assets and liabilities of SWFCL for the year ending 31 March 2015 is as below:

Statement of profit and loss

₹ Million

Particulars	For the year ended 31 March 2015	For the period 01 January 2014 to 31 March 2014
Total revenue	11.657	151.107
Total expenses	120.831	0.410
Income tax	2.964	43.270
Profit for the period	**(112.138)**	**107.427**

Statement of assets and liabilities

₹ Million

Particulars	As at 31 March 2015	As at 31 March 2014
Total assets	43.403	141.131
Total liabilities	2,814.111	2,889.856
Net assets / (liabilities)	**(2,770.708)**	**(2,748.725)**

30. The following letters / notices were received by the Company subsequent to the Balance sheet date with respect to the matters under Inquiry.

i) The Company has received a notice from the Ministry of Corporate Affairs for an inspection, under Section 206(5) of the Act, of the books of accounts and other books and papers of the Company. A notice under Section 131 of the Income Tax Act, 1961 has also been received. The Company is cooperating fully with the authorities in relation to the same.

ii) The Company has also received letters from erstwhile auditors who served as the Company's statutory auditors during the period covered by the Inquiry, seeking to understand the impact of the findings of the Inquiry on their respective audit reports. Any remedial actions proposed by the previous auditors will be considered by the Company in the light of applicable legal provisions.

iii) As directed by the Board, the Company provided a copy of the Inquiry Report to its statutory auditors for their review and further actions as may be required. Following this, the Audit Committee of the Board has received from the statutory auditors a report under Section 143(12) of the Act and the relevant rules thereunder, seeking the Audit Committee's reply / observations. The Audit Committee is in the process of providing its reply / observations to the statutory auditors.

iv) The Company has also received a letter from the National Stock Exchange Limited ("NSE") pursuant to SEBI circular no. CIR/CFD/DIL/7/2012 dated 3 August 2012 in relation to Form B along with audited financial statements for the financial year ended 31 March 2014. SEBI has directed the NSE to advise the Company to suitably rectify the qualifications raised by the statutory auditors, which the Company has suitably addressed to the extent possible.

31. At an extraordinary general meeting of the shareholders of the Company on 28 November 2014, the shareholders approved the reporting of erosion of more than fifty per cent of the Company's peak net worth in the immediately preceding four financial years as required under Section 23(1)(a)(ii) read with Section 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"). The Company has reported the fact of such erosion to the BIFR as required under Section 23(1)(a)(i) of SICA vide letter dated 29 December 2014.

32. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹1,474.206 Million (2014: ₹284.990 Million).

(b) Other commitments relating to advertisement, sales promotion and trade mark fee ₹3,616.568 Million (2014: ₹8,393.593 Million). The amount with respect to contracts not approved by the Shareholders as mentioned in note 24(d) have not been disclosed as commitments.

Notes to the financial statements *(continued)*

32. Capital and other commitments *(contd...)*

(c) The Company has also given letter of support to the following subsidiaries to conduct their operations in such a manner as to enable to meet its obligations.

i) Pioneer Distilleries Limited ii) Sovereign Distilleries Limited iii) Tern Distilleries Private Limited iv) Four Seasons Wines Limited v) Royal Challengers Sports Private Limited vi) Asian Opportunities & Investment Limited vii) United Spirits Singapore Pte Limited viii) Montrose International SA ix) Palmer Investment Group Limited x) UB Sports Management Overseas Ltd (Formerly known as " JIHL Nominees Limited") xi) USL Holdings Limited xii) USL Holdings (UK) Limited xiii) United Spirits (UK) Limited xiv) United Spirits (Great Britain) Limited xv) Liquidity Inc xvi) United Spirits (Shanghai) Trading Co. Limited.

33. Contingent liabilities

₹ Million

	As at 31 March 2015	As at 31 March 2014
(a) (i) Guarantee given on behalf of other bodies corporate.	934.400	2,179.275
(ii) Guarantees given by the Company's bankers for which counter guarantees have been given by the Company.	219.064	259.344
(b) Disputed claims against the Company not acknowledged as debts, currently under appeal/sub judice:		
(i) State Excise demands for excess wastages and distillation losses	1,996.817	221.536
(ii) Central Excise demands under appeal	2.368	6.534
(iii) Service tax demands under appeal	233.384	233.384
(iv) Other miscellaneous claims [Refer note 25(a)]	1,188.253	744.376
(v) Expenses relating to Historical agreements not recognised [Refer note 24(d)]	486.157	–
(vi) Income tax demand (including interest) under appeal	2,604.345	2,361.363
(vii) Sales tax demands under appeal in various states	2,084.332	547.373
(c) Bills receivables discounted	295.243	426.307
(d) Co-accepted bills of Tie-up units	–	349.832
(e) Claims from suppliers not acknowledged as debts	83.437	96.010

The Management is hopeful of succeeding in the above appeals / disputes based on legal opinions / legal precedents.

34. Dues to micro and small suppliers

₹ Million

	As at 31 March 2015	As at 31 March 2014
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
(a) (i) Principal	163.954	78.364
(ii) Interest	0.892	0.061
(b) The amount of interest paid by the Company as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)	–	–
(c) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	314.045	309.867
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	–	–
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year	5.450	4.558
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductibles expenditure under the MSMED Act, 2006	6.041	5.149

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

Notes to the financial statements *(continued)*

35. Details of consumption and purchases

₹ Million

		For the year ended 31 March 2015		For the year ended 31 March 2014
a. Purchase of stock-in-trade				
Beverage alcohol		12,110.254		7,926.464
b. Raw materials consumed				
Spirits		17,324.338		19,668.501
Grain		557.631		1,535.313
Molasses		306.037		493.930
Grape		161.221		171.276
Others		673.034		3,742.549
		19,022.261		**25,611.569**
Imported	21%	4,085.767	21%	5,373.073
Indigenous	79%	14,936.494	79%	20,238.496
		19,022.261		**25,611.569**
c. Consumption of packing material, stores and spares				
Imported	1%	160.678	1%	248.465
Indigenous	99%	16,736.309	99%	19,050.724
		16,896.987		**19,299.189**

36. Value of Imports on C.I.F. basis

₹ Million

Raw materials and packing materials	2,086.186	3,962.958
Plant and machinery	–	57.170
	2,086.186	**4,020.128**

37. Work-in- progress

₹ Million

Spirits	2,304.991	2,776.901
Special spirits	6,476.853	5,755.323
Blends	273.310	507.903
	9,055.154	**9,040.127**

38. Earnings in foreign currency

₹ Million

Export of goods and services on FOB basis	1,404.459	1,007.697
Income from brand franchise	53.460	58.091
Dividend income from subsidiary	14.813	23.277
	1,472.732	**1,089.065**

39. Expenditure in foreign currency

₹ Million

Advertisement	423.145	989.717
Rent	143.635	153.837
Professional Fees	75.952	76.361
Others (Subscription, foreign travel, bank charges, finance charges etc.)	369.150	389.147
	1,011.882	**1,609.062**

40. Amount remitted during the year in foreign currency on account of dividend to Non-resident shareholders

Year to which dividend relates	2014	2013
Number of non-resident shareholders	–	4
Number of shares	–	36,360,869
Amount remitted (in ₹ Million)	–	90.902

Notes to the financial statements *(continued)*

41. Research and development expenses comprise the following

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries and wages	44.033	42.078
Contribution to provident fund and other funds	4.859	4.956
Staff welfare expenses	0.950	1.943
Rent	6.666	5.563
Contribution	16.666	21.750
Miscellaneous expenses	28.717	13.892
	101.891	**90.182**

42. Tie-up Manufacturing arrangement

The Company has entered into arrangements with certain distilleries and bottling units (Tie-up units) for manufacture and marketing of its own brands. The Tie-up units have necessary license and regulatory permits to manufacture beverage alcohol. The arrangements stipulates the obligations of each party and the entire manufacturing activity is carried out under the close supervision of the Company executives. It is the responsibility of the Company to Market its products and ensure adequate finance to the tie-up units for its operations. The risk and reward of the activity lies with the Company. In the circumstances, it is considered appropriate to disclose the following information (Unaudited), as applicable to such activities.

(i) Income from operation through other distilleries / bottling units reflect the net constitution from the sales made by these units and is detailed as under:

₹ Million

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Gross sales	23,617.500	18,297.560
Net sales	21,189.704	16,648.540
Cost of sales	16,875.977	11,631.676
Gross profit	4,313.727	5,016.864
Expenses	373.279	402.704
Income	3,940.448	4,614.160

43. Appointment of Finance Head

Subsequent to the Balance sheet date, Board of directors of the Company at its meeting held on 25 April 2015 have appointed Mr. Vinod Rao as Head of finance of the Company.

44. Corporate Social Responsibility

Since average net profits of the Company made during the three immediately preceding financial years is negative, therefore the Company has not earmarked specific funding for Corporate Social Responsibility and sustainable activities as required under the provision of section 135 of the Act.

45.

The Managerial remuneration for the financial year ended 31 March 2015 aggregating ₹64.907 Million and ₹153.092 Million towards remuneration of the MD & CEO and the Executive Director and Chief Financial Officer ("ED & CFO") respectively was approved by the shareholders of the Company at the annual general meeting of the Company held on 30 September 2014. The aforesaid remuneration includes amounts paid in excess of the limits prescribed under the provisions of Schedule V to the Act. Accordingly, the Company is in the process of obtaining the requisite approval from the Central Government for such excess remuneration.

Notes to the financial statements *(continued)*

46. a) Details of loans during the year ended 31 March 2015 as per section 186 (4)

₹ Million

Name of the borrower	Relationship	Secured / unsecured	Purpose	Rate of Interest	Term/ Repayment schedule	As on 1 April 2014	Further funding during the year	Deposit converted to loan	Repayment during the year	Exchange restatement	As on 31 March 2015
Royal Challengers Sports Private Limited	Wholly owned subsidiary	Unsecured	Working capital	13%	Repayable on demand	1,219.483	758.700	–	(3.000)	–	1,975.183
Four Seasons Wines Limited	Wholly owned subsidiary	Unsecured	Working capital	13%	Repayable on demand	288.147	251.265	–	–	–	539.412
Tern Distilleries Private Limited	Wholly owned subsidiary	Unsecured	Working capital/ Capex funding	13%	Repayable on demand	739.389	59.711	–	(122.099)	–	677.001
Sovereign Distilleries Limited	Wholly owned subsidiary	Unsecured	Working capital	13%	Repayable on demand	2,637.765	166.026	506.330	(2.121)	–	3,308.000
Pioneer Distilleries Limited	Subsidiary	Unsecured	Working capital/ Capex funding	13%	Repayable on demand	1,353.907	–	–	–	–	1,353.907
Overseas Subsidiaries											
Asian Opportunities & Investments Limited	Wholly owned subsidiary	Unsecured	Working capital/ Funding towards acquisition of Bouvet Ladubay	Interest free	Refer note below	2,123.690	–	–	–	(388.665)	1,735.025
Asian Opportunities & Investments Limited	Wholly owned subsidiary	Unsecured	Working capital/ Funding towards acquisition of Bouvet Ladubay	13%	Refer note below	–	75.700	–	–	(8.500)	67.200
McDowell & Co. (Scotland) Limited	Wholly owned subsidiary	Unsecured	Working capital	Interest free	Refer note below	394.045	–	–	–	(0.670)	393.375
USL Holdings Limited	Wholly owned subsidiary	Unsecured	Working capital/Funding towards acquisition of Whyte and Mackay Limited	Interest free	Refer note below	47,878.858	–	–	–	1,482.604	49,361.462
USL Holdings Limited	Wholly owned subsidiary	Unsecured	Working capital/ Funding towards acquisition of Whyte and Mackay Limited	13%	Refer note below	–	2,441.425	–	(2,421.260)	(20.165)	–
United Spirits (Shanghai) Trading Company Limited	Wholly owned subsidiary	Unsecured	Working capital	Interest free	Refer note below	15.741	–	–	–	–	15.741
Liquidity Inc.	Wholly owned subsidiary	Unsecured	Working capital	Interest free	Refer note below	53.808	–	–	–	–	53.808
United Breweries (Holdings) Limited	Promoter	Unsecured		9.50%	8 years	13,374.167	–	–	–	–	13,374.167
Total						**70,079.000**	**3,752.827**	**506.330**	**(2,548.480)**	**1,064.604**	**72,854.281**

Note: The loans and advances made to these companies are for acquisition of long term strategic investments.

Details of loans during the year ended 31 March 2014 as per section 186 (4)

₹ Million

Name of the borrower	Relationship	Secured / unsecured	Purpose	Rate of Interest	Term/ Repayment schedule	As on 1 April 2013	Further funding during the year	Advances/ deposits converted to loan	Repayment during the year	Exchange restatement	As on 31 March 2014
Royal Challengers Sports Private Limited	Wholly Owned Subsidiary	Unsecured	Working capital	13%	Repayable on demand	1,056.597	577.886	–	(415.000)	–	1,219.483
Four Seasons Wines Limited	Wholly Owned Subsidiary	Unsecured	Working capital	13%	Repayable on demand	184.412	122.635	–	(18.900)	–	288.147
Tern Distilleries Private Limited	Wholly Owned Subsidiary	Unsecured	Working capital/capex funding	13%	Repayable on demand	566.112	173.277	–	–	–	739.389
Sovereign Distilleries Limited	Wholly Owned Subsidiary	Unsecured	Working capital	13%	Repayable on demand	1,193.089	1,542.176	–	(97.500)	–	2,637.765
Pioneer Distilleries Limited	Subsidiary	Unsecured	Working capital/capex funding	13%	Repayable on demand	504.177	254.730	600.000	(5.000)	–	1,353.907
SW Finance Co Limited	Wholly Owned Subsidiary	Unsecured	Working capital	13%	Repayable on demand	1,737.934	–	–	(1,737.934)	–	–
Overseas Subsidiaries											–
Asian Opportunities & Investments Limited	Wholly Owned Subsidiary	Unsecured	Working capital/funding towards acquisition of bouvet ladubay	Interest free	Refer note below	1,792.446	–	–	–	331.244	2,123.690
McDowell & Co. (Scotland) Limited	Wholly Owned Subsidiary	Unsecured	Working capital	Interest free	Refer note below	344.484	–	–	–	49.561	394.045
USL Holdings Limited	Wholly Owned Subsidiary	Unsecured	Working capital/funding towards acquisition of whyte and mackay limited	Interest free	Refer note below	41,328.183	3,007.673	–	(896.550)	4,439.552	47,878.858
United Spirits (Shanghai) Trading Company Limited	Wholly Owned Subsidiary	Unsecured	Working capital	Interest free	Refer note below	15.741	–	–	–	–	15.741
Liquidity Inc.	Wholly Owned Subsidiary	Unsecured	Working capital	Interest free	Refer note below	53.808	–	–	–	–	53.808
United Breweries (Holdings) Limited	Promoter	Unsecured			8 years	4,382.406	–	8,991.761	–	–	13,374.167
Total						**53,159.389**	**5,678.377**	**9,591.761**	**(3,170.884)**	**4,820.357**	**70,079.000**

Note: The loans and advances made to these companies are for acquisition of long term strategic investments.

46. b) Details of guarantee given

₹ Million

Name of the party	Relationship	Nature	As on 1 April 2014	Released during the year	As on 31 March 2015	As on 1 April 2013	Released during the year	As on 31 March 2014
Pioneer Distilleries Limited	Subsidiary	Guarantee given	934.400	–	934.400	934.400	–	934.400
Sovereign Distilleries Limited	Wholly Owned Subsidiary	Guarantee gven	–	–	–	1,250.000	(1,250.000)	–
Overseas Subsidiaries								
USL Holdings Limited	Wholly Owned Subsidiary	Guarantee given	1,244.880	(1,244.880)	–	8,139.610	(6,894.730)	1,244.880
USL Holdings (UK) Limited	Wholly Owned Subsidiary	Guarantee given	–	–	–	32,868.000	(32,868.000)	–
Total			**2,179.280**	**(1,244.880)**	**934.400**	**43,192.010**	**(41,012.730)**	**2,179.280**

Notes to the financial statements *(continued)*

47. Details of non-current investments purchased and sold for the year

₹ Million

Description	Face value	As at 1 April 2014		Purchase during the year		Sold during the year		As at 31 March 2015	
	Per Unit	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Trade investments									
Quoted									
In fully paid equity shares									
McDowell Holdings Limited	₹10	50,000	0.500	–	–	–	–	50,000	0.500
United Breweries Limited	₹1	8,500,000	150.000	–	–	–	–	8,500,000	150.000
In subsidiary companies									
Pioneer Distilleries Limited	₹10	11,561,217	1,285.814	–	–	1,520,067	169.058	10,041,150	1,116.756
Unquoted									
In fully paid equity shares									
Yankay Associates Private Limited	₹100	1	0.004	–	–	–	–	1	0.004
Goa Fruit Distilleries Private Limited	₹100	350	0.035	–	–	–	–	350	0.035
Baramati Teluka Fruits Growers Fed Limited	₹500	1,000	0.500	–	–	–	–	1,000	0.500
In subsidiary companies									
Sovereign Distilleries Limited	₹10	58,442,746	315.462	–	–	–	–	58,442,746	315.462
SW Finance Co. Limited (Formerly Shaw Wallace Breweries Limited)	₹10	80,198,513	3,302.175	–	–	–	–	80,198,513	3,302.175
Asian Opportunities & Investments Limited	US$1	4,998,706	301.000	–	–	–	–	4,998,706	301.000
United Spirits Nepal Private Limited	NRS 100	67,716	65.626	–	–	–	–	67,716	65.626
Palmer Investment Group Limited	US$ 1	15,000,000	6,917.801	–	–	–	–	15,000,000	6,917.801
Montrose International S.A	US$ 1000	500	133.932	–	–	–	–	500	133.932
Liquidity Inc.	US$0.0001	4,000,000	119.313	–	–	–	–	4,000,000	119.313
Four Seasons Wines Limited	₹10	27,668,899	290.652	–	–	–	–	27,668,899	290.652
McDowell & Co (Scotland) Limited	£ 1	1,575,000	125.505	–	–	–	–	1,575,000	125.505
USL Holdings Limited	US$ 1	500,000	22.183	–	–	–	–	500,000	22.183
United Spirits (Shanghai) Trading Company Limited	RMB 10	500,000	26.635	–	–	–	–	500,000	26.635
Royal Challengers Sports Private Limited	₹10	14,690	1,699.053	–	–	–	–	14,690	1,699.053
Tern Distilleries Private Limited	₹10	4,000,000	139.539	–	–	–	–	4,000,000	139.539
In fully paid preference shares									
In subsidiary companies									
12% Non–cumulative redeemable optionally convertible preference shares of Four Seasons Wines Limited	₹10	30,612,245	321.530	–	–	–	–	30,612,245	321.530
12% Cumulative Redeemable (redeemable after 20 years) preference shares of Four Seasons Wines Limited	₹10	8,000,000	80.000	–	–	–	–	8,000,000	80.000
Other investments									
Quoted									
In fully paid equity shares									
Mangalore Chemicals & Fertilizers Limited	₹10	6,150	0.032	–	–	–	–	6,150	0.032
Housing Development Finance Corporation Limited	₹10	240	0.002	–	–	–	–	240	0.002
ICICI Bank Limited	₹10	8,916	0.382	–	–	–	–	8,916	0.382
HDFC Bank Limited	₹10	200	0.002	–	–	–	–	200	0.002
Vijaya Bank	₹10	42,100	0.466	–	–	–	–	42,100	0.466
Radico Khaitan Limited	₹2	537,850	2.043	–	–	–	–	537,850	2.043
Khaitan Chemicals & Fertilizers Limited	₹1	13,880	0.725	–	–	–	–	13,880	0.725
Unquoted									
In fully paid units									
Unit Trust of India									
- UTI Balance Fund -Income - Retail (formerly known as US 2002)	₹10	402,201	9.005	44,083	0.987	–	–	446,284	9.992

47. Details of non-current investments purchased and sold for the year *(contd...)*

₹ Million

Description	Face value	As at 1 April 2014		Purchase during the year		Sold during the year		As at 31 March 2015	
	Per Unit	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
In fully paid equity shares									
Madhav Co-operative Housing Society Limited	₹50	5	–	–	–	–	–	5	–
Rampur Fertilizers Limited	₹10	27,760	0.527	–	–	–	–	27,760	0.527
Sangam Bhavan Cooperative Housing Society Limited	₹10	15	0.001	–	–	–	–	15	0.001
U.B. Electronics Instruments Limited	₹100	1,996	0.129	–	–	–	–	1,996	0.129
Inv-Ansa Industrial Premises Co-op Soc Limited	₹50	60	0.003	–	–	–	–	60	0.003
In fully paid debentures (Non-redeemable)									
6.5% Bengal Chamber of Commerce & Industry	₹1000	2	0.002	–	–	–	–	2	0.002
5% Woodland Hospital & Medical Centre Limited	₹1	7,000	0.007	–	–	–	–	7,000	0.007
0.5% Woodlands Medical Centre Limited	₹100	117	0.012	–	–	–	–	117	0.012
5.0% Woodlands Medical Centre Limited	₹100	270	0.027	–	–	–	–	270	0.027
In Government securities									
Indira Vikas Patra			0.003		0.100		–		0.103
National Savings/ Plan/ Def. Certificates (Deposited with Govt. Authorities)			0.172		–		0.025		0.147
			15,310.799		1.087		169.083		15,142.803
Less: Provision for diminution in the value of investments			7,221.068						10,839.162
Total non-current investments			8,089.731		1.087		169.083		4,303.641

Description	Face value	As at 1 April 2013		Purchase during the year		Sold during the year		As at 31 March 2014	
	Per Unit	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Trade investments									
Quoted									
In fully paid equity shares									
McDowell Holdings Limited	₹10	50,000	0.500	–	–	–	–	50,000	0.500
United Breweries Limited	₹1	8,500,000	150.000	–	–	–	–	8,500,000	150.000
In subsidiary companies									
Pioneer Distilleries Limited	₹10	10,922,032	1,244.754	639,185	41.060	–	–	11,561,217	1,285.814
Unquoted									
In fully paid equity shares									
Yankay Associates Private Limited	₹100	1	0.004	–	–	–	–	1	0.004
Goa Fruit Distilleries Private Limited	₹100	350	0.035	–	–	–	–	350	0.035
Baramati Teluka Fruits Growers Fed Limited	₹500	1,000	0.500	–	–	–	–	1,000	0.500
In subsidiary companies									
Sovereign Distilleries Limited	₹10	58,442,746	315.462	–	–	–	–	58,442,746	315.462
SW Finance Co. Limited (Formerly Shaw Wallace Breweries Limited)	₹10	80,198,513	3,302.175	–	–	–	–	80,198,513	3,302.175
Asian Opportunities & Investments Limited	US$ 1	4,998,706	301.000	–	–	–	–	4,998,706	301.000
United Spirits Nepal Private Limited	NRS 100	67,716	65.626	–	–	–	–	67,716	65.626
Palmer Investment Group Limited	US$ 1	15,000,000	6,917.801	–	–	–	–	15,000,000	6,917.801
Montrose International S.A	US$ 1,000	500	133.932	–	–	–	–	500	133.932
Liquidity Inc.	US$ 0.0001	4,000,000	119.313	–	–	–	–	4,000,000	119.313
Four Seasons Wines Limited	₹10	14,111,139	141.111	13,557,760	149.541	–	–	27,668,899	290.652
McDowell & Co (Scotland) Limited	£ 1	1,575,000	125.505	–	–	–	–	1,575,000	125.505
USL Holdings Limited	US$ 1	500,000	22.183	–	–	–	–	500,000	22.183
United Spirits (Shanghai) Trading Company Limited	RMB 10	500,000	26.635	–	–	–	–	500,000	26.635
Royal Challengers Sports Private Limited	₹10	14,690	1,699.053	–	–	–	–	14,690	1,699.053
Tern Distilleries Private Limited	₹10	4,000,000	139.539	–	–	–	–	4,000,000	139.539

Notes to the financial statements *(continued)*

47. Details of non-current investments purchased and sold for the year *(contd...)*

₹ Million

Description	Face value Per Unit	As at 1 April 2013		Purchase during the year		Sold during the year		As at 31 March 2014	
		Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
In fully paid preference shares									
In subsidiary companies									
12% Non-cumulative redeemable optionally convertible preference shares of Four Seasons Wines Limited	₹10	15,612,245	156.122	15,000,000	165.408	–	–	30,612,245	321.530
12% Cumulative Redeemable (redeemable after 20 years) preference shares of Four Seasons Wines Limited	₹10	8,000,000	80.000	–	–	–	–	8,000,000	80.000
Other investments									
Quoted									
In fully paid equity shares									
Mangalore Chemicals & Fertilizers Limited	₹10	6,150	0.032	–	–	–	–	6,150	0.032
Housing Development Finance Corporation Limited	₹10	240	0.002	–	–	–	–	240	0.002
ICICI Bank Limited	₹10	8,916	0.382	–	–	–	–	8,916	0.382
HDFC Bank Limited	₹10	200	0.002	–	–	–	–	200	0.002
Vijaya Bank	₹10	42,100	0.466	–	–	–	–	42,100	0.466
Radico Khaitan Limited	₹2	537,850	2.043	–	–	–	–	537,850	2.043
Khaitan Chemicals & Fertilizers Limited	₹1	13,880	0.725	–	–	–	–	13,880	0.725
Unquoted									
In fully paid units									
UTI Balance Fund -Income - Retail (formerly known as US 2002)	₹10	402,201	9.005	–	–	–	–	402,201	9.005
In fully paid equity shares									
Madhav Co-operative Housing Society Limited	₹50	5	–	–	–	–	–	5	–
Rampur Fertilizers Limited	₹10	27,760	0.527	–	–	–	–	27,760	0.527
Sangam Bhavan Cooperative Housing Society Limited	₹10	15	0.001	–	–	–	–	15	0.001
U.B. Electronics Instruments Limited	₹100	1,996	0.129	–	–	–	–	1,996	0.129
Inv-Ansa Industrial Premises Co-op Soc Ltd	₹50	60	0.003	–	–	–	–	60	0.003
In fully paid debentures (Non-redeemable)									
6.5% Bengal Chamber of Commerce & Industry	₹1,000	2	0.002	–	–	–	–	2	0.002
5% Woodland Hospital & Medical Centre Limited	₹1	7,000	0.007	–	–	–	–	7,000	0.007
0.5% Woodlands Medical Centre Limited	₹100	117	0.012	–	–	–	–	117	0.012
5.0% Woodlands Medical Centre Limited	₹100	270	0.027	–	–	–	–	270	0.027
In Government securities									
Indira Vikas Patra			0.003		–		–		0.003
National Savings/Plan/Def. Certificates (Deposited with Govt. Authorities)			0.193		–		0.021		0.172
			14,954.811		**356.009**		**0.021**		**15,310.799**
Less: Provision for diminution in the value of investments			147.152						7,221.068
Total non-current investments			**14,807.659**		**356.009**		**0.021**		**8,089.731**

Notes to the financial statements *(continued)*

48. Disclosure required by clause 32 of the listing agreement

₹ Million

Subsidiary Company	Value of Investments held	Loans outstanding as at 31 March 2015	Maximum amount of loans outstanding during the year
i) Amount of Investment, loans and advances in the nature of loans outstanding from subsidiaries			
Asian Opportunities & Investments Limited	301.000	1,802.225	2,199.390
Four Season Wines Limited	692.187	539.412	539.412
SW Finance Co. Limited (Formerly Shaw Wallace Breweries Limited)	3,302.175	–	–
USL Holdings Limited	22.183	49,361.462	52,120.229
Pioneer Distilleries Limited	1,116.756	1,353.907	1,353.907
United Spirits Nepal Private Limited	65.626	–	–
Palmer Investment Group Limited	6,917.801	–	–
Montrose International S.A	133.932	–	–
United Spirits (Shanghai) Trading Company Limited	26.635	15.741	15.741
McDowell & Co (Scotland) Limited	125.505	393.375	420.668
Royal Challengers Sports Private Limited	1,699.053	1,975.183	1,975.183
Tern Distilleries Private Limited	139.539	677.001	779.790
Liquidity Inc	119.313	53.808	53.808
Sovereign Distilleries Limited	315.462	3,308.000	3,308.728
ii) Loans and advances in the nature of loans to firms / companies in which directors are interested			
United Breweries (Holdings) Limited	–	13,374.167	13,374.167

₹ Million

Subsidiary company	Value of Investments held	Loans outstanding as at 31 March 2014	Maximum amount of loans outstanding during the year
i) Amount of Investment, loans and advances in the nature of loans outstanding from subsidiaries			
Asian Opportunities & Investments Limited	301.000	2,123.690	2,245.343
Four Season Wines Limited	692.187	288.147	300.132
SW Finance Co. Limited (Formerly Shaw Wallace Breweries Limited)	3,302.175	–	–
USL Holdings Limited	22.183	47,878.858	49,869.645
Pioneer Distilleries Limited	1,285.814	1,353.907	1,353.907
United Spirits Nepal Private Limited	65.626	–	–
Palmer Investment Group Limited	6,917.801	–	–
Montrose International S.A	133.932	–	–
United Spirits (Shanghai) Trading Company Limited	26.635	15.741	15.741
McDowell & Co (Scotland) Limited	125.505	394.045	420.668
Royal Challengers Sports Private Limited	1,699.053	1,219.483	1,464.483
Tern Distilleries Private Limited	139.539	739.389	739.389
Liquidity Inc	119.313	53.808	53.808
Sovereign Distilleries Limited	315.462	2,637.765	2,668.760
ii) Loans and advances in the nature of loans to firms / companies in which directors are interested			
United Breweries (Holdings) Limited	–	13,374.167	13,374.167

The aforesaid amount are gross of provisions, if any made based on Management assessment of recoverability.

For repayment schedule and interest related terms, refer note 46.

49. During the year ended 31 March 2015, no material foreseeable loss was incurred for any long-term contract including derivative contracts.

Notes to the financial statements *(continued)*

50. In accordance with Accounting Standard 29 - "Provisions, Contingent Liabilities and Contingent Assets", prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, certain classes of liabilities have been identified as provisions which have been disclosed as under:

₹ Million

Description	As at 1 April 2014	Additions	Utilisation	As at 31 March 2015
Sales and other taxes*	418.354	973.315	–	1,391.668

₹ Million

Description	As at 1 April 2013	Additions	Utilisation	As at 31 March 2014
Sales and other taxes*	418.354	–	–	418.354

*represents estimates made for probable cash outflow arising out of pending disputes / litigations with various regulatory authorities.

51. Regroupings

Previous year's figures have been regrouped / reclassified as per the current year's presentation for the purpose of comparability. The following significant regrouping / reclassifications of the previous year figures have been made

₹ Million

Particulars	Previous year grouping	Current year grouping	Amount
In Balance sheet	Other current liabilities - Other liabilities	Short term provisions - Provisions for sales and other taxes	161.776
In Balance sheet	Other current liabilities - Statutory dues	Short term provisions - Provisions for sales and other taxes	112.612
In Balance sheet	Trade payable - Trade creditors	Short term provisions - Provisions for sales and other taxes	143.966
In Balance sheet	Long - term loans and advances - Loans and advances to related parties	Long - term loans and advances - Security deposits	1,217.360

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number:104315

Place: Mumbai
Date: 27 May 2015

for and on behalf of the Board of Directors

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director & CEO

Vinod Rao
Head of Finance

Mahendra Kumar Sharma
Director

V. Ramachandran
Company Secretary

Place: Mumbai
Date: 27 May 2015

Independent Auditor's Report

To the Board of Directors of United Spirits Limited

We have audited the accompanying consolidated financial statements of United Spirits Limited ("the Company"), its subsidiaries and associates (collectively known as 'the Group'), which comprise the consolidated balance sheet as at 31 March 2015, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Pursuant to the Companies (Accounts) Amendment Rules, 2015 dated 16 January 2015, issued by the Ministry of Corporate Affairs, the Group in the current year is exempt from complying with the requirement of preparing the consolidated financial statements. However, as stated in Note 1.2 to the consolidated financial statements, these consolidated financial statements have been prepared and audited to comply with the requirements of the Listing Agreement.

Management's responsibility for the consolidated financial statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

1. As stated in Notes 35 (a) and (e) to the consolidated financial statements, during the year ended 31 March 2014, certain parties who had previously given the required undisputed balance confirmations for the year ended 31 March 2013, claimed in their balance confirmations to the Company for the year ended 31 March 2014 that they had advanced certain amounts to certain alleged UB Group entities and that the dues owed by such parties to the Company would, to the extent of the amounts owing by such alleged UB Group entities to such parties in respect of such advances, be paid / refunded by such parties to the Company only upon receipt of their dues from such alleged UB Group entities. These dues of such parties to the Company were on account of advances by the Company in the earlier years under agreements for enhancing capacity, obtaining exclusivity and lease deposits in relation to Tie-up Manufacturing Units ("TMUs"); agreements for specific projects; or dues owing to the Company from customers. In response to these claims, under the instruction of the Board of Directors of the Company ("Board"), a preliminary internal inquiry was initiated by the Management. Based on the findings of the preliminary internal inquiry by the Management, under the instructions of the Board; and Management's assessment of recoverability, an aggregate amount of ₹6,495.5 million (including interest claimed) was provided in the consolidated financial statements for the financial year ended 31 March 2014 and was disclosed as prior period items. During the year ended 31 March 2015, an additional provision of ₹216 million was made for interest claimed during the year. The Company has not made provision for any unclaimed interest on these amounts.

   During the year ended 31 March 2014, the Board had also directed a further detailed and expeditious inquiry in relation to the above matter, the role of individuals involved and potential non-compliance (if any) with the provisions of the Companies Act, 1956 and other regulations applicable to the Company in relation to such transactions, and the possible existence of any other transaction of a similar nature (hereafter "the Inquiry"). While the Inquiry has since been completed, with regard to the possible existence of any other transaction of a similar nature, the Inquiry identified references to certain additional parties ("Additional Parties") in various documents, which documents dealt with transactions involving the counterparties referred to above. The Inquiry also identified certain additional matters ("Additional Matters") where the documents identified concerns as to the propriety of the underlying transactions.

Based on its current knowledge, the Management believes that the provisions made with respect to the above matters are adequate and no additional material adjustments are likely to be required in relation thereto. The Board has directed the Management to expeditiously review the Additional Matters and transactions with the Additional Parties and report to the Board on Management's conclusions on the transactions and any further impact on the Company's consolidated financial statements. Pending such review of the Additional Matters and transactions with Additional Parties, we are unable to comment on the nature of these transactions; the provisions established; or any further impact on the consolidated financial statements including the impact on the opening balances for the year. Further, pending resolution of the above disputes, we are unable to comment on whether the provision established for interest is appropriate.

2. As stated in Note 26(d) to the consolidated financial statements, as per the requirements of the equity listing agreements entered into by the Company with various stock exchanges in India and various circulars and regulations issued by the Securities and Exchange Board of India ("SEBI") and applicable provisions of the Companies Act, 2013 (hereafter "the Act") the Company sought approval of its equity shareholders for certain agreements in the extraordinary general meeting ("EGM") held on 28 November 2014. Some of the agreements, as detailed in the aforesaid note, were not approved by the equity shareholders in the aforesaid EGM. The Company has sought clarification/direction from SEBI with respect to the implications arising from the non-approval of the said agreements. Pending the clarification/direction from the SEBI, during the year ended 31 March 2015, the Company has recognised the underlying expenses pursuant to these agreements up to 28 November 2014 aggregating ₹1,357 million. The Company has not recognised charges arising out of non-approved agreements aggregating ₹486 million for the period from 29 November 2014 to 31 March 2015 and has disclosed the same as contingent liability. Further, subsequent to 28 November 2014, in response to the letters received by the Company from some of the concerned counterparties, the Company has made payments amounting to ₹74 million to such counterparties with respect to the dues for services received prior to 28 November 2014 specifically stating that the said amounts would be refundable to the Company if it is determined that such amounts were not payable by the Company in view of the shareholders not having approved the respective agreements. Pending the resolution of this matter, we are unable to comment on the accounting treatment of the expenses under the agreement, balance due to/from the respective counterparties and any other implications resulting from such non-approval.

3. As stated in note 43 to the consolidated financial statements, the Managerial remuneration of the Company for the year ended 31 March 2015 aggregated ₹65 million and ₹153 million towards remuneration of the Managing Director and Chief Executive Officer (MD & CEO) and the Executive Director and Chief Financial Officer (ED & CFO) respectively. The aforesaid amounts includes remuneration in excess of the limits prescribed under the provisions of Schedule V to the Act. The Company is in the process of obtaining the requisite approval from the Central Government for such excess remuneration. In the absence of the required approval, we are unable to assess the impact of such excess remuneration on the consolidated financial statements of the Group.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2015;

(ii) in the case of the consolidated statement of profit and loss, of the loss for the year ended on that date; and

(iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

1. Note 35(b) to the consolidated financial statements, which states that, during the year ended 31 March 2014, various pre-existing loans / advances / deposits (together with interest) due from United Breweries (Holdings) Limited ("UBHL") by the Company and its subsidiaries aggregating ₹13,374 million on 3 July 2013, were consolidated into a single loan agreement dated 3 July 2013 entered into between the Company and UBHL. As per the terms of the said loan agreement, an amount of ₹1,911 million (gross of tax) was payable by UBHL to the Company towards the interest payable as of January 2015. However, the Company is yet to receive such interest payment from UBHL. The Company has received a letter from UBHL stating that it is involved in litigations with various creditors of Kingfisher Airlines in different Courts all over the country, and that some of the winding up petitions filed against UBHL have been admitted by the High Court of Karnataka. As a result of the above and other relevant factors, during the year ended 31 March 2015, the Company has provided the remaining principal balance of the loan aggregating ₹9,955 million (in addition to the ₹3,303 million that was provided for during the year ended 31 March 2014) and has not recognised interest income of ₹1,207 million (previous year: ₹963 million);

2. Note 34(a) to the consolidated financial statements, wherein it is stated

that during the year ended 31 March 2014, the Company decided to prepay credit facilities availed from a bank amounting to ₹6,217 million secured by assets of the Company and pledge of shares of the Company held by the USL Benefit Trust. The Company deposited a sum of ₹6,280 million including prepayment penalty of ₹40 million with the bank and instructed the bank to debit the amount from the cash credit account towards settlement of the loan and release the assets / shares pledged by the Company. The bank, however, disputed the prepayment and continues to debit the account towards the instalments and interest as per the loan agreement. The Company has disputed the same and a case is pending before the Honourable High Court of Karnataka. On 31 March 2015, the bank demanded an amount of ₹474 million towards principal and interest on the said loan. The Company has sought for a stay from the Honourable High Court of Karnataka with respect to the aforesaid demand. Pending settlement with the bank, the loan amount and balance available in cash credit account is presented on net basis in the financial statements as at 31 March 2015;

3. Note 36 to the consolidated financial statements, wherein it is stated that (i) the Company has received a notice from the Ministry of Corporate Affairs for an inspection, under section 206(5) of the Act, of the books of accounts and other books and papers of the Company; (ii) the Company has received a notice under Section 131 of the Income Tax Act, 1961; and (iii) the Company has received letters from erstwhile auditors who served as the Company's statutory auditors during the period covered by the Inquiry, seeking to understand the impact of the findings of the Inquiry on their respective audit reports; and

4. Note 35 to the consolidated financial statements, wherein it is stated that the Inquiry noted certain regulatory non-compliances with respect to the Companies Act, 1956, the listing agreement with the stock exchanges in India and other regulations as mentioned in the said note, and that the financial impact of these non-compliances on the Company were estimated by Management to be not material.

Our opinion is not qualified in respect of these matters.

Other matter

We did not audit the financial statements and other financial information of certain subsidiaries. These subsidiaries account for 19.04% of total assets, 15.52% of total revenues and other income and (38.06%) of cash flows (including the cash flows of discontinuing operations), as shown in these consolidated financial statements. Of the above:

a. The financial statements and other financial information of the subsidiaries incorporated outside India (excluding those covered in (c) below) as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') have been audited by other auditors duly qualified to act as auditors in those countries. These subsidiaries account for 6.50% of total assets, 4.32% of total revenue and other income and 3.99% of cash flows as shown in these consolidated financial statements. For the purpose of preparation of consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the management of the said entities so that they conform to the generally accepted accounting principles in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to consolidated financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditor and the audit report of the other auditor has been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based on the aforesaid audit report of the other auditor.

b. The financial statements and other financial information of the remaining subsidiaries account for 12.54% of total assets, 1.64% of total revenue and other income and 0.72% of cash flows as shown in these consolidated financial statements. These financial statements have been audited by other auditors whose audit reports have been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based on the aforesaid audit report of the other auditor.

c. As detailed in note 27 to the consolidated financial statements, Whyte and Mackay Group Limited and its subsidiaries accounting for 9.56% of the total revenue and other income and (42.77%) of the cash flows as shown in these consolidated financial statements, have been disposed off during the year. The statement of profit and loss of these subsidiaries until the date of disposal have been consolidated on the basis of a reporting package prepared by the Company for the purpose. The said reporting package has been subject to certain audit procedures by other auditor duly qualified to act as auditor in the respective country. The report of the said other auditor has been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based on the aforesaid report of the other auditor.

We also did not audit the financial statements of associates, whose financial statements reflect share of profit of the Group aggregating Nil for the year ended 31 March 2015.

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number: 104315

Place: Mumbai
Date: 27 May 2015

Consolidated balance sheet

₹ Million

	Note	As at 31 March 2015	As at 31 March 2014
Equity and liabilities			
Shareholders' funds			
Share capital	2	1,453.277	1,453.277
Reserves and surplus	3	5,141.876	28,869.376
		6,595.153	30,322.653
Minority interest		8.143	7.493
Non-current liabilities			
Long-term borrowings	4.1	11,173.158	9,966.749
Other long-term liabilities	4.2	1,219.867	1,868.220
Long-term provisions	4.3	661.072	2,151.788
		13,054.097	13,986.757
Current liabilities			
Short-term borrowings	5.1	36,535.963	70,391.280
Trade payables	5.2	7,997.541	18,302.090
Other current liabilities	5.3	9,352.746	11,158.097
Short-term provisions	5.4	5,342.445	4,407.718
		59,228.695	104,259.185
		78,886.088	148,576.088
Assets			
Non-current assets			
Fixed assets			
Tangible assets	6.1	14,452.342	21,904.842
Intangible assets	6.2	4,137.206	6,079.707
Capital work-in-progress		1,141.438	1,096.618
		19,730.986	29,081.167
Goodwill on consolidation (Refer note 27)		620.280	29,019.254
Non-current investments	7	914.798	1,132.043
Deferred tax assets (net)	8	877.928	966.881
Long-term loans and advances	9	8,108.420	18,509.501
Other non-current assets	10	1.300	1.300
		9,902.446	20,609.725
Current assets			
Current investments	11.1	1,248.805	1,248.098
Inventories	11.2	17,581.119	29,351.192
Trade receivables	11.3	17,515.003	22,652.487
Cash and bank balance	11.4	3,628.766	7,047.293
Short-term loans and advances	11.5	7,786.603	9,426.704
Other current assets	11.6	872.080	140.168
		48,632.376	69,865.942
		78,886.088	148,576.088
Significant accounting policies	1		
See accompanying notes to the consolidated financial statements			

As per our report of even date attached.

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number:104315

Place: Mumbai
Date: 27 May 2015

for and on behalf of the Board of Directors

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director & CEO

Vinod Rao
Head of Finance

Mahendra Kumar Sharma
Director

V. Ramachandran
Company Secretary

Place: Mumbai
Date: 27 May 2015

Consolidated statement of profit and loss

₹ Million

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue			
Revenue from operations	12	222,303.762	236,098.590
Less: Excise duty		130,709.910	131,089.376
		91,593.852	**105,009.214**
Other operating income	13.1	1,756.039	1,144.942
Other income	13.2	810.767	6,859.138
Total		**94,160.658**	**113,013.294**
Expenses			
Cost of materials consumed	14	43,338.614	54,448.924
Purchase of stock-in-trade		12,355.212	7,853.189
Change in inventories of finished goods, work-in-progress and stock-in-trade	15	(3,503.665)	(4,408.645)
Employee benefits expense	16	7,778.538	8,602.319
Finance costs	17	6,873.362	13,225.732
Depreciation and amortisation expense	6	2,228.741	2,026.125
Other expenses	18	33,051.227	41,033.834
[Includes prior period expenditure of ₹ Nil (2014: ₹6,495.480 Million) Refer note 35(a)]			
Total		**102,122.029**	**122,781.478**
Loss before exceptional items, tax and minority interest		**(7,961.371)**	**(9,768.184)**
Exceptional items (net)	19	(8,391.564)	(32,357.347)
Loss before tax and minority interest		**(16,352.935)**	**(42,125.531)**
Loss from continuing operations before tax and minority interest		**(18,808.818)**	**(11,663.512)**
Tax expense of continuing operations			
Current tax		658.784	1,580.690
Reversal of tax relating to earlier years		(36.374)	1,505.699
Deferred tax credit		(136.525)	(339.929)
Total tax expenses of continuing operations		**485.885**	**2,746.460**
Loss from continuing operations after tax		**(19,294.703)**	**(14,409.972)**
Minority interest		3.815	3.072
Net loss from continuing operations		**(19,298.518)**	**(14,413.044)**
Profit/(loss) from discontinuing operations before tax	27	2,455.883	(30,462.019)
Tax expense of discontinuing operations			
Current tax		0.596	0.424
Deferred tax charge		33.918	15.430
Total tax expenses of discontinuing operations		**34.514**	**15.854**
Net profit/(loss) from discontinuing operations		**2,421.369**	**(30,477.873)**
Net loss for the year		**(16,877.149)**	**(44,890.917)**
Earnings per equity share (Equity shares of par value of ₹10 each)	20		
Basic and diluted			
Computed on net loss from continuing operations		(132.79)	(101.73)
Computed on net profit/(loss) from discontinuing operations		16.66	(215.13)
Computed on total loss		(116.13)	(316.86)
Significant accounting policies	1		
See accompanying notes to the consolidated financial statements			

As per our report of even date attached.

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number:104315

Place: Mumbai
Date: 27 May 2015

for and on behalf of the Board of Directors

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director & CEO

Vinod Rao
Head of Finance

Mahendra Kumar Sharma
Director

V. Ramachandran
Company Secretary

Place: Mumbai
Date: 27 May 2015

Consolidated cash flow statement

₹ Million

	For the year ended 31 March 2015		For the year ended 31 March 2014	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Loss before tax and minority interest		(16,352.935)		(42,125.531)
Adjustments for:				
Depreciation and amortisation expense	2,228.741		2,026.125	
Unrealised foreign exchange loss / (gain)	4,700.954		(5,870.748)	
Bad debts and advances written off	7.133		34.551	
Bad debts and advances recovered	(29.409)		–	
Profit on sale of fixed assets	(4.110)		–	
Loss on fixed assets sold/written off	0.216		49.531	
Profit on sale of manufacturing unit	(356.500)		–	
Liabilities no longer required written back	(123.351)		(133.280)	
Profit on sale of subsidiaries (refer note 27)	(2,415.210)		–	
Provision for doubtful debts/ advances/ deposits, net	11,582.822		11,231.568	
Write down in the value of investments	150.304		1.435	
Impairment of goodwill	1,209.012		32,357.347	
Interest and debt issue expenses	6,873.362		13,225.732	
Dividend income	(11.460)		(18.639)	
Interest income	(344.897)	23,467.607	(454.380)	52,449.242
Operating profit before working capital changes		7,114.672		10,323.711
(Increase)/ decrease in trade receivables	(2,724.652)		(1,894.902)	
(Increase)/ decrease in other receivables	(754.348)		(7,941.269)	
(Increase)/ decrease in inventories	(4,535.558)		(4,239.171)	
Increase/ (decrease) in trade and other payables	350.147	(7,664.411)	(70.244)	(14,145.586)
Cash used in operations		(549.739)		(3,821.875)
Income taxes paid (net)		(1,413.397)		(1,697.467)
Net cash used in operations		(1,963.136)		(5,519.342)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(1,643.396)		(2,324.893)	
Proceeds from sale of fixed assets	17.021		37.387	
Purchase of short term investment	(0.209)		–	
Proceeds from disposal of shares in subsidiaries (net of expenses)	60.261		–	
Payment towards franchise rights	(446.400)		(446.400)	
Consideration paid for acquisition of shares in subsidiaries	–		(355.988)	
Proceeds from sale of current investments	–		7.362	
Movement in other bank balances	154.299		79.224	
Loans given to related party	(29.310)		–	
Proceeds from disposal of subsidiaries (net of expenses)	39,270.472		–	
Proceeds from disposal of manufacturing unit	1,000.000		–	
Interest received	377.941		464.651	
Dividend received	10.962		18.639	
Net cash generated from/(used in) investing activities		38,771.641		(2,520.018)

Consolidated cash flow statement *(continued)*

₹ Million

	For the year ended 31 March 2015		For the year ended 31 March 2014	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from preferential allotment	–		20,927.195	
Proceeds from sale of treasury shares, net of tax	–		4,834.312	
Inter corporate deposits	(6.522)		(465.660)	
Expenses incurred on issue of shares	–		(276.680)	
Proceeds from long term borrowings	8,903.126		6,216.649	
Repayment of long term borrowings	(4,385.921)		(54,810.203)	
Repayment of fixed deposits	(3,856.868)		(476.331)	
Proceeds from short term borrowings	17,900.000		50,855.129	
Repayment of short term borrowings	(50,263.947)		(2,500.000)	
Repayment of deferred sales tax liability	(20.637)		(11.494)	
Working capital loan / cash credit from banks (net)	(1,052.584)		(1,969.065)	
Interest and finance charges paid	(7,203.539)		(9,547.396)	
Finance lease payments	(23.594)		(6.049)	
Dividends paid	(8.806)		(363.337)	
Corporate tax on distributed profit	–		(57.431)	
Net cash generated from/(used in) financing activities		**(40,019.292)**		**12,349.639**
Net (decrease) / increase in cash and cash equivalents		**(3,210.787)**		**4,310.279**
Cash and cash equivalents as at the beginning of the year*		**6,057.092**		**1,746.813**
Cash and cash equivalents of subsidiaries disposed [Refer note 27]		**152.992**		**–**
Cash and cash equivalents transferred on composite scheme of arrangement [Refer note 33]		**64.716**		**–**
Cash and cash equivalents as at the end of the year*		**2,628.598**		**6,057.092**
		(3,210.787)		**4,310.279**

* Refer Note 11.4

Notes:

1. The above consolidated cash flow statement has been compiled from and is based on the consolidated balance sheet as at 31 March 2015 and the related consolidated statement of profit and loss for the year ended on that date.
2. The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow Statements as notified under Section 133 of the Companies Act, 2013 ('the Act'), read with rule 7 of the Companies (Accounts) Rules, 2014.
3. Cash flows in relation to discontinuing operations have been disclosed in Note 27.

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number:104315

Place: Mumbai
Date: 27 May 2015

for **and on behalf of the Board of Directors**

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director & CEO

Vinod Rao
Head of Finance

Mahendra Kumar Sharma
Director

V. Ramachandran
Company Secretary

Place: Mumbai
Date: 27 May 2015

Notes to the consolidated financial statements

1. Significant accounting policies

1.1 Company overview

United Spirits Limited ("USL" or "the Company"), together with its subsidiaries and associate companies (collectively "the Group") is engaged in the business of manufacture, purchase and sale of beverage alcohol (spirits and wines). In addition, the Group holds the perpetual right to the Bangalore Franchise of Board of Control for Cricket in India - Indian Premier League (BCCI-IPL). USL is headquartered in Bangalore, India.

1.2 Basis of preparation of consolidated financial statements

The consolidated financial statements of the Group are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under historical cost convention and are in accordance with Accounting Standard (AS) 21 on "Consolidated Financial Statements" and AS 23 on "Accounting for Investments in Associates in Consolidated Financial Statement" prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with rule 7 of the Companies (Accounts) Rules, 2014 and the guidelines issued by the Securities and Exchange Board of India ('SEBI').

The consolidated financial statements of the Group have been prepared to comply with the Listing Agreement as the Group is exempt from the requirements of the Act in respect to preparation of consolidated financial statements.

The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statement. Accounting policies have been consistently applied, to the extent possible, except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

On occasion, a subsidiary company whose financial statements are consolidated may issue its shares to third parties as either a public offering or private placement at per share amounts in excess of or less than the Company's average per share carrying value. With respect to such transactions, the resulting gains or losses arising from the dilution of interest are recorded as Capital Reserve/Goodwill. Gains or losses arising on the direct sale by the Company of its investment in subsidiaries or associated companies to third parties are transferred to consolidated statement of profit and loss. Such gains or losses are the difference between the sale proceeds and the net carrying value of the investments.

Surplus or deficit arising on sale of Company's own shares held by its subsidiaries along with the tax thereon is taken to capital reserve.

1.3 Subsidiary and associate companies considered in the consolidated financial statements:

(A) Subsidiary companies:

Sl No.	Name of the company	Country of incorporation	Proportion of ownership interest as at (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest (%)	
			31 March 2015	31 March 2014	31 March 2015	31 March 2014
1	Asian Opportunities & Investments Limited (AOIL)	Mauritius	100	100	–	–
2	United Spirits Nepal Private Limited	Nepal	82.47	82.47	–	–
3	SW Finance Co Ltd (Formerly known as " Shaw Wallace Breweries Limited") (SWFCL)	India	100	100	–	–
4	Palmer Investment Group Limited (PIG)	British Virgin Islands	100	100	–	–
5	Tern Distilleries Private Limited (Tern)	India	100	100	–	–
6	Shaw Wallace Overseas Limited (SWOL)	U.K.	100	100	–	–
7	UB Sports Management Overseas Limited (Formerly known as JIHL Nominees Limited (JIHL))	Jersey Islands	100	100	–	–
8	Montrose International S.A (MI)	Panama	100	100	–	–
9	USL Holdings Limited (UHL)	British Virgin Islands	100	100	–	–
10	USL Holdings (UK) Limited (UHUKL)	U.K.	100	100	–	–

Notes to the consolidated financial statements *(continued)*

Sl No.	Name of the company	Country of incorporation	Proportion of ownership interest as at (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest (%)	
			31 March 2015	31 March 2014	31 March 2015	31 March 2014
11	United Spirits (UK) Limited (USUKL)	U.K.	100	100	–	–
12	United Spirits (Great Britain) Limited (USGBL)	U.K.	100	100	–	–
13	Four Seasons Wines Limited (FSWL)	India	100	100	–	–
14	McDowell & Co. (Scotland) Limited (MSL)	Scotland	100	100	–	–
15	Bouvet Ladubay S.A.S (BL)	France	100	100	–	–
16	Chapin Landias S.A.S (CL)	France	100	100	–	–
17	Royal Challengers Sports Private Limited	India	100	100	–	–
18	Liquidity Inc.	USA	51	51	–	–
19	United Spirits (Shanghai) Trading Company Limited (USLS)	China	100	100	–	–
20	Sovereign Distilleries Limited	India	100	100	–	–
21	Pioneer Distilleries Limited*	India	75	85.95	–	–
22	United Spirits Singapore Trading Pte Ltd (Formerly known as Whyte and Mackay Singapore Pte Ltd)	Singapore	100	100	–	–
	Whyte and Mackay Group					
23	Whyte and Mackay Group Limited	U.K.	–	100	–	–
24	Bruce & Company (Leith) Limited	U.K.	–	100	–	–
25	Charles Mackinlay & Company Limited	U.K.	–	100	–	–
26	Dalmore Distillers Limited	U.K.	–	100	–	–
27	Dalmore Whyte & Mackay Limited	U.K.	–	100	–	–
28	Edinburgh Scotch Whisky Company Limited	U.K.	–	100	–	–
29	Ewen & Company Limited	U.K.	–	100	–	–
30	Fettercairn Distillery Limited	U.K.	–	100	–	–
31	Findlater Scotch Whisky Limited	U.K.	–	100	–	–
32	Glayva Liqueur Limited	U.K.	–	100	–	–
33	Glentalla Limited	U.K.	–	100	–	–
34	GPS Realisations Limited	U.K.	–	100	–	–
35	Grey Rogers & Company Limited	U.K.	–	100	–	–
36	Hay & MacLeod Limited	U.K.	–	100	–	–
37	Invergordon Distillers (Holdings) Limited	U.K.	–	100	–	–
38	Invergordon Distillers Group Limited	U.K.	–	100	–	–
39	Invergordon Distillers Limited	U.K.	–	100	–	–
40	Invergordon Gin Limited	U.K.	–	100	–	–
41	Isle of Jura Distillery Company Limited	U.K.	–	100	–	–
42	Jarvis Halliday & Company Limited	U.K.	–	100	–	–
43	John E McPherson & Sons Limited	U.K.	–	100	–	–
44	Kensington Distillers Limited	U.K.	–	100	–	–
45	Kyndal Spirits Limited	U.K.	–	100	–	–
46	Leith Distillers Limited	U.K.	–	100	–	–

Notes to the consolidated financial statements *(continued)*

Sl No.	Name of the company	Country of incorporation	Proportion of ownership interest as at (%)		Proportion of voting power held directly or indirectly, if different from proportion of ownership interest (%)	
			31 March 2015	31 March 2014	31 March 2015	31 March 2014
47	Loch Glass Distilling Company Limited	U.K.	–	100	–	–
48	Longman Distillers Limited	U.K.	–	100	–	–
49	Lycidas (437) Limited	U.K.	–	100	–	–
50	Pentland Bonding Company Limited	U.K.	–	100	–	–
51	Ronald Morrison & Company Limited	U.K.	–	100	–	–
52	St Vincent Street (437) Limited	U.K.	–	100	–	–
53	Tamnavulin-Glenlivet Distillery Company Limited	U.K.	–	100	–	–
54	TDL Realisations Limited	U.K.	–	100	–	–
55	The Sheep Dip Whisky Company Limited	U.K.	–	100	–	–
56	W & S Strong Limited	U.K.	–	100	–	–
57	Watson & Middleton Limited	U.K.	–	100	–	–
58	Whyte & Mackay Distillers Limited	U.K.	–	100	–	–
59	William Muir Limited	U.K.	–	100	–	–
60	WMB Realisations Limited	U.K.	–	100	–	–
61	Whyte and Mackay Property Limited	U.K.	–	100	–	–
62	Whyte and Mackay de Venezuela CA	Venezuela	–	100	–	–
63	KI Trustees Limited	U.K.	–	100	–	–
64	Wauchope Moodle & Company Limited	U.K.	–	100	–	–
65	Whyte and Mackay Limited	U.K.	–	100	–	–
66	Whyte and Mackay Warehousing Limited	U.K.	–	100	–	–
67	Whyte and Mackay Holdings Limited	U.K.	–	100	–	–
68	Whyte and Mackay Americas Limited	U.K.	–	100	–	–
(B)	**Associate company:**					
1	Wine Society of India Private Limited	India	33.32	33.32	–	–

* In order to comply with the requirements of the Securities and Exchange Board of India ("SEBI") regulations, on 29 September 2014, the Company has sold 1,520,067 equity shares of ₹10 each held in Pioneer Distilleries Limited ("PDL"), a listed subsidiary of the Company, representing 11.35% of the share capital of PDL, to bring down the Promoter shareholding to 75%.

1.4 Principles of consolidation

These consolidated financial statements have been prepared by consolidation of the financial statements of the Company and its subsidiaries on a line-by-line basis after fully eliminating the inter-company transactions. Investment in USL Benefit Trust has not been consolidated as the investment is considered to be temporary.

1.5 Accounting for Investment in Associates

a) Accounting for Investments in Associate Companies has been carried out under the Equity Method of accounting prescribed under AS 23 wherein Goodwill/Capital Reserve arising at the time of acquisition and the Group's share of profits or losses after the date of acquisition have been adjusted in the investment value.

b) U B Distilleries Limited (UBDL)

UBDL, which was an associate company of erstwhile Herbertson Limited in view of significant influence, ceased its operations in FY 2003-04, consequent to the order of the Honourable Supreme Court of India vesting the distillery unit with the state of Bihar. Since the Company does not have any investment /significant influence in UBDL, the same has not been accounted for as an associate in these consolidated financial statements under the Equity Method.

1.6 Use of estimates

The preparation of the financial statements, in conformity with GAAP, requires that the Management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

Notes to the consolidated financial statements *(continued)*

1.7 Fixed assets (Tangible and Intangible)

a) Tangible fixed assets are stated at their original cost of acquisition or construction and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets concerned less accumulated depreciation, except amounts adjusted on revaluation and amalgamation. Interest on borrowings attributable to qualifying assets are capitalised and included in the cost of fixed assets as appropriate.

b) The costs of fixed assets acquired in amalgamations (and accounted under purchase method) are determined at their fair values, on the date of acquisition, or as approved under the schemes of amalgamation.

c) Fixed assets held for disposal are stated at their net book value or estimated net realisable value, whichever is lower.

d) Goodwill on consolidation represents the difference between the Company's share in the net worth of a subsidiary and cost of acquisition at each point of time of making the investment in the subsidiary. Negative goodwill is treated as Capital Reserve and is presented netted off with Goodwill.

e) Intangible fixed assets are stated at the consideration paid for acquisition less accumulated amortisation, if any.

f) The cost of the fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

1.8 Leases

Assets acquired under leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired on leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the consolidated statement of profit and loss on accrual basis and in case of non-cancellable lease, on straight line basis over the lease term.

Income from operating leases is credited to consolidated statement of profit and loss on a straight line basis over the lease term.

1.9 Depreciation and amortisation

a) Depreciation is provided on the Straight Line Method, including on assets revalued, at the useful life as prescribed in Part C of Schedule II of the Act except for the following, whose useful life is based on Management's estimate:

i) Computers, Vehicles and Aircrafts over a period of three, five and eleven years respectively;

ii) In respect of certain items of Plant and Machinery for which separate rates are prescribed in Part C of Schedule II to the Companies Act, 2013 based on the number of shifts, depreciation is provided for the full year on triple shift basis.

iii) In respect of fixed assets of United Spirits (Great Britain) Limited and its subsidiaries, depreciation is provided based on Management estimate of useful lives of the assets concerned as below:

Buildings	50 years
Plant and Machinery	10 to 20 years
Vehicles	4 years
Computers	3 years

Also refer Note 30.

Useful lives of the above assets is based on the internal assessment. Managment believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence the useful lives for these assets is different from the useful life as prescribed under Part C of Schedule II of the Act.

b) Fixed assets acquired on amalgamation are depreciated over the remaining useful life at the date of acquisition.

c) Assets taken on finance lease are depreciated over their estimated useful life or the lease term, whichever is lower.

d) Leasehold Land is not amortised.

e) Goodwill arising on amalgamation is charged to the statement of profit and loss in the year of amalgamation.

f) Goodwill arising on consolidation is not amortised and is tested for impairment on an annual basis.

g) Leasehold improvements are amortised over the period of lease or the estimated useful life whichever is shorter.

h) Intangible assets are amortised, on a straight line basis, commencing from the date the asset is available for its use, over their respective individual estimated useful lives as estimated by the Management:

Trademark , formulae and license	10 Years
Franchise rights in perpetuity	50 Years (Refer Note 21)

i) Depreciation on additions and disposals during the year is provided on proportionate basis.

Notes to the consolidated financial statements *(continued)*

1.10 Impairment

The Group assesses at each balance sheet date whether there is any indication that an asset, including intangible, may be impaired. Goodwill on consolidation is tested for impairment on an annual basis. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the consolidated statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

1.11 Investments

Long-term investments (including investment property) are stated at cost to the Group. Provision for diminution in the value is made to recognise a decline, other than temporary, in the value of long-term investments.

Current investments are valued at lower of cost or fair value, for each investment individually.

1.12 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade, packing materials, stores and spares and loose tools are carried at the lower of cost or net realisable value. Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, weighted average cost method is used. In the case of manufactured inventories and work-in-progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

Due allowance is made for obsolete and slow moving items.

In respect of following subsidiary, raw materials are valued at cost, computed under first-in-first-out basis. The value of these raw materials are given below

(₹ Million)

Name of the subsidiary	31 March 2015	31 March 2014
Bouvet Ladubay S.A	226.560	246.830

1.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

1.14 Revenue recognition

Revenue from sale of goods is recognised on transfer of property in the goods for a price or all significant risks and rewards of ownership to the buyer which is generally on dispatch of goods from distilleries/ warehouses of the Company in accordance with the terms of sale except where such terms provide otherwise, where sales are recognised based on such terms. Gross sales are inclusive of excise duty but are net of trade discounts and sales tax, where applicable.

Income arising from sales by manufacturers under "Tie-up" agreements (Tie-up units) comprises surplus income from Tie-up units (net share of the Company) and is recognised on the basis of the information provided to the Company by the Tie-up units. Income arising from brand franchise are recognised in terms of the respective contracts on sale of the products by the Tie-up units / Franchisees. Income from brand franchise is net of service tax, where applicable.

Dividend income on investments are recognised and accounted for when the right to receive the payment is established.

Income from distribution service is accounted based on the terms of the agreements for the service.

Interest income and guarantee commission is accounted on a time-proportion basis taking into account the amounts invested and the rate of interest.

1.15 Foreign currency transactions and translations

Transactions in foreign currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment. Upon reclassification of such non-integral foreign operations to integral foreign operations, all future exchange differences on the said monetary items are adjusted to Consolidated statement of profit and loss. Exchange differences accumulated in foreign currency translation reserve till such reclassification are not adjusted to Consolidated statement of profit and loss until the disposal of such foreign operations.

Exchange differences in respect of all other monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/ losses arising there from are adjusted to the Consolidated statement of profit and loss. The Group uses foreign exchange forward contracts to cover its exposure towards movements in foreign exchange rates. The Group does not use the foreign exchange forward contract for trading or speculative purposes. Premium or discount arising at the inception of forward contracts against the underlying assets is amortised as expense or income over the life of contract.

Exchange differences on forward contracts are recognised in the Consolidated statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts is recognised as income or expense for the year.

For forward exchange contracts and other derivatives that are not covered by Accounting Standard (AS) -11 'The Effects of Changes in Foreign Exchange Rates', the Company follows the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI), whereby for each category of derivatives, the Company records any net mark-to-market losses. Net mark-to-market gains are not recorded for such derivatives.

Foreign company:

In respect of overseas subsidiary companies determined to be in the nature of non-integral foreign operations, income and expenses are translated at average exchange rate for the year. Assets and liabilities, both monetary and non-monetary, are translated at the year-end exchange rates. The differences arising out of translation are included in the Foreign Currency Translation Reserve. Any Goodwill or Capital Reserve arising on acquisition of non-integral foreign operation is translated at closing rate.

In respect of overseas subsidiary companies determined to be in the nature of integral foreign operation, monetary assets and liabilities are translated at the year end exchange rates and non monetary assets and liabilities are carried at historical rate. The items in the Consolidated statement of profit and loss are translated at the rates prevailing on the dates of the respective transactions. The differences arising out of translation are recognised in Consolidated statement of profit and loss

1.16 Employee benefits

(a) Defined-contribution plans

These are plans in which the Group pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the Employees' Provident Fund with the government, Superannuation Fund and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

Death Benefit:

The Company has Group term policy with a Insurance company with lump sum coverage for a specific category of executives. Premium paid to Insurance company are recognised as expense. The Company will not have any further liability. On death of an employee, specific amount will be paid by Insurance company to the nominee of the deceased.

(b) Defined-benefit plans

Gratuity:

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to employees. Liability with regard to gratuity plan is accrued based on actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the consolidated statement of profit and loss as income or expense. Gratuity fund benefits are administered by a Trust formed for this purpose.

Pension:

Whyte and Mackay Group operates and contributes in a defined benefit pension scheme (the Pension Plan). Liability with regard to Pension Plan is accrued based on actuarial valuation, based on Projected Unit Credit Method at the Balance Sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the consolidated statement of profit and loss as income or expense. During the year, the Group has disposed its investments in Whyte and Mackay Group. Subsequent to the disposal, the scheme is no longer part of the Group.

Provident fund:

The Company's provident funds administered by trusts set up by the Company where the Company's obligation is to provide the agreed benefit to the employees and the actuarial risk and investment risk if any fall, in substance, on the Company are treated as a defined benefit plan. Liability with regard to such provident fund plans are accrued based on actuarial valuation, based on Projected Unit Credit Method, carried out by an independent actuary at the Balance sheet date. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Conslidated statement of profit and loss as income or expense, as the case may be.

(c) Other employee benefits

i) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation at the balance sheet date based on an actuarial valuation.

ii) Undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences (e.g., paid annual leave), performance incentives, etc.

1.17 Expenditure on account of voluntary retirement scheme

Expenditure on account of voluntary retirement scheme of employees is expensed in the period in which it is incurred.

1.18 Research and development

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, further economic benefit are probable, the Company has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

1.19 Taxes on income

Tax expense comprises current and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable/ virtual certainty (as the case may be) that sufficient future taxable income will be available against which such deferred tax asset can be realised.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

1.20 Earnings per share (EPS)

Basic EPS is arrived at based on net profit or loss after tax available to equity shareholders to the weighted average number of equity shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

1.21 Provisions

A provision is recognised when an enterprise has a present obligation as a result of a 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, other than employee benefits, are not discounted to their 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.

Onerous contracts:

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation. When a leasehold property ceases to be used in the business or a commitment is entered into which would cause this to occur, provision is made for the entire amount by which the recoverable amount of interest in the property is expected to be insufficient to cover future obligations relating to the lease.

1.22 Contingencies

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.23 Share issue expenses

Share issue expenses incurred are adjusted to the Securities Premium Account as permitted by Section 52 of the Act.

1.24 Debt issue costs

Expenditure incurred for raising borrowed funds represents ancillary costs incurred in connection with the arrangement of borrowings and is amortised over the tenure of the respective borrowings. Amortisation of such debt issue costs is included under finance costs.

1.25 Borrowing costs

Borrowing costs incurred for the acquisition or construction of qualifying assets are recognised as part of cost of such assets when it is considered probable that they will result in future economic benefits to the Company while other borrowing costs are expensed in the period in which they are incurred.

Expenditure incurred for raising borrowed funds represents ancilliary costs incurred in connection with the arrangement of borrowings and is amortised over the tenure of the respective borrowings. Amortisation of such debt issue costs is included under finance costs.

1.26 Government grants related to revenue

Government grants related to revenue are recognised in the consolidated statement of profit and loss on a systematic basis over the periods to which they relate when there is a reasonable assurance that the Company will comply with the conditions attaching to them and the reasonable certainty exists of the collection.

1.27 Exceptional items

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

1.28 IPL franchisee

The Group, through one of its wholly owned subsidiary, owns the franchisee right of the Bangalore team at Indian Premier League (IPL) - Royal Challengers Bangalore (RCB).

As per the agreement, BCCI-IPL shares its income from the sale of media rights (Central Media Rights) and sponsorship income (Central Sponsorship Rights) with all the franchisees. In addition to this common income, further income from Central Media and Sponsorship rights is earned based on the final standing of the team at each IPL. The franchisee also has other local revenues like gate collections, team sponsorships, uniform sponsors, licensing and other merchandising. The income from operating the franchisee is grouped as "income from IPL franchise" under "revenue from operations".

The costs involved in operating the franchise like remuneration to the players, travelling and accommodation expenses, advertisements, promotions etc., are accounted on accrual basis. The expenses are grouped as "direct expenses on IPL franchise" under "other expenses". Also refer note 21.

2. Share capital

₹ Million

	As at 31 March 2015	As at 31 March 2014
Authorised		
395,000,000 (2014:395,000,000) Equity Shares of ₹10/- each	3,950.000	3,950.000
159,200,000 (2014:159,200,000) Preference Shares of ₹10/- each	1,592.000	1,592.000
	5,542.000	**5,542.000**
Issued, subscribed and paid-up		
145,327,743 (2014:145,327,743) Equity Shares of ₹10/- each fully paid up	1,453.277	1,453.277
	1,453.277	**1,453.277**

a. Reconciliation of the number of shares outstanding

	As at 31 March 2015		As at 31 March 2014	
	No. of Shares	Amount in ₹ Million	No. of Shares	Amount in ₹ Million
Balance at the beginning of the year	145,327,743	1,453.277	130,794,968	1,307.950
Add: Equity shares issued on preferential allotment (Refer note b (i) below)	–	–	14,532,775	145.327
Balance at the end of the year	145,327,743	1,453.277	145,327,743	1,453.277

b. Preferential allotment of equity shares

i) On 27 May 2013, the Company allotted 14,532,775 equity shares of face value of ₹10/- each at a price of ₹1,440/- per share (including a premium of ₹1,430/- per equity share) to Relay B V an indirect wholly owned subsidiary of Diageo Plc., on a preferential allotment basis in terms of the preferential allotment agreement entered between Relay B V, the Company and Diageo Plc. on 9 November 2012 and pursuant to the approval of the shareholders through postal ballot on 14 December 2012 by a way of a special resolution, for an aggregate amount of ₹20,927.195 Million.

Notes to the consolidated financial statements *(continued)*

2. Share capital *(contd...)*

ii) On 4 July 2013, in terms of the share purchase agreement dated 9 November 2012 between Palmer Investment Group Limited (Palmer) and UB Sports Management Overseas Limited (UB Sports) (both wholly owned subsidiaries of the Company), USL Benefit Trust (USLBT) (of which the Company is a beneficiary), SWEW Benefit Company (SWEW), United Breweries (Holdings) Limited (UBHL) and Kingfisher Finvest India Limited (KFIL) with Relay B V and Diageo plc., the sale of 21,767,749 equity shares ("Sale Shares") of the Company in aggregate by UBHL, KFIL, SWEW, Palmer and UB Sports to Relay B V at a price of ₹1,440/- per sale share were completed.

iii) During the previous year, Relay B V(wholly owned subsidiary of Diageo plc.), has further acquired through the open offer and from the open market 5,526,608 equity shares representing 3.80% of the equity share capital of the Company.

iv) During the year, Relay B V further acquired 37,785,214 equity shares representing 26 % equity share capital of the Company through an open offer. As a result of the acquisition of these shares, Relay B V holds 79,612,346 equity shares, representing 54.78 % equity share capital of the Company as on date and has become the holding company of the Company.

c. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a face value of ₹10 per share. Each holder of the equity 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 ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their holdings.

d. Shares held by holding / ultimate holding company /promoters and / or their subsidiaries / associates

Out of the equity shares issued by the Company, shares held by its promoters, ultimate holding company and their subsidiaries/associates are as below:

	As at 31 March 2015		As at 31 March 2014	
	No. of Shares	Amount in ₹ Million	No. of Shares	Amount in ₹ Million
Relay B V (wholly owned subsidiary of Diageo Plc) *	79,612,346	796.123	41,827,132	418.271
United Breweries (Holdings) Limited *	4,208,556	42.086	8,617,699	86.177
Kingfisher Finvest India Limited (formerly "Kingfisher Radio Limited ")	1,658,180	16.582	5,595,590	55.956
Rossi & Associates Private Limited	35,112	0.351	35,112	0.351
Vittal Investments Private Limited	31,270	0.313	31,270	0.313
Dr. Vijay Mallya	12,510	0.125	12,510	0.125
Devi Investments Private Limited	2,700	0.027	2,700	0.027
Mallya Private Limited	1,005	0.010	1,005	0.010
	85,561,679	**855.617**	**56,123,018**	**561.230**

* On 20 December 2013, the Honourable Karnataka High Court passed an order in the matter involving United Breweries (Holdings) Limited (UBHL) and its creditors and the Diageo group setting aside an earlier leave order which permitted UBHL to sell 10,141,437 equity shares in the Company to Relay B V, pending disposal of the winding up petitions against UBHL. On the above matter, UBHL and Diageo plc has approached the Honourable Supreme Court by way of SLPs challenging the order of the division bench. Pending, disposal of the above SLPs the Honourable Supreme Court has directed that status quo be maintained in respect of the transaction of sale of shares to Relay B V.

e. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

	As at 31 March 2015	As at 31 March 2014
Equity shares allotted as fully paid up pursuant to amalgamations for consideration other than cash not earlier than five years	5,200,639	12,949,760

f. Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2015		As at 31 March 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Relay B V	79,612,346	54.78%	41,827,132	28.78%
United Breweries (Holdings) Limited	4,208,556	2.90%	8,617,699	5.93%

g. The Company had issued 17,502,762 Global Depositary Shares (GDSs) representing 8,751,381 equity shares ranking pari-passu in all respects with the existing paid up equity shares, 2 GDSs representing 1 equity share of par value of ₹10/- each at US $7.4274 per GDSs aggregating to US$ 130 Million. These GDSs are listed on the Luxembourg Stock Exchange. Out of the above, 1,431,494 GDS (2014: 1,538,638 GDS) outstanding [representing 715,747 equity shares (2014: 769,319 equity shares)] as of 31 March 2015 have no voting rights.

Notes to the consolidated financial statements *(continued)*

3. Reserves and surplus

	As at 31 March 2015		As at 31 March 2014	
				₹ Million
Capital redemption reserve		578.946		578.946
Securities premium account				
At the beginning of the year	45,682.010		25,176.823	
Add: Addition during the year [refer note 2(b)(i)]	–		20,781.867	
	45,682.010		45,958.690	
Less: Share issue expenses	–	45,682.010	276.680	45,682.010
Capital reserve				
At the beginning of the year	4,861.851		76.791	
Add: Surplus arising on sale of Company's shares by subsidiaries (net of taxes)	–		4,785.060	
		4,861.851		4861.851
Other reserves:				
Central subsidy				
At the beginning of the year	48.111		97.028	
Less: Transferred to surplus/(deficit) as per consolidated statement of profit and loss (Refer note 1 below)	–		48.917	
		48.111		48.111
Contingency reserve (Refer note 2 below)		110.000		110.000
Employee housing fund		0.625		0.625
Foreign currency translation reserve (Refer note 3 below)				
At the beginning of the year	6,032.241		4,135.741	
Add: Changes during the year	(6,207.866)		1,896.500	
		(175.625)		6,032.241
General reserve		10,407.997		10,407.997
Surplus/ (deficit) as per consolidated statement of profit and loss				
At the beginning of the year	(38,852.405)		6,030.313	
Add: Transfer from central subsidy	–		48.917	
Add: Net impact of profit of demerged unit and the Royalty income therefrom (Refer note 33)	24.908		–	
Less: Transitional depreciation (Refer note 4 below)	(667.393)		–	
Less: Loss for the year	(16,877.149)		(44,890.917)	
	(56,372.039)		(38,811.687)	
Less: Appropriations:				
Dividend paid on equity shares	–		36.332	
(Dividend ₹2.50 per share)				
Corporate tax on dividend paid	–		4.386	
		(56,372.039)		(38,852.405)
		5,141.876		**28,869.376**

Notes:

1. Government grant receivable under Package Scheme of Incentives (PSI) 2007 from Maharashtra Government amounting to ₹ Nil (2014: ₹48.917 Million) for the earlier years has been reclassified to surplus/ (deficit) as per consolidated statement of profit and loss as the same has been identified to be of a revenue nature by the Management.
2. Taken over on amalgamation of McDowell & Co. Limited with the Company during the year ended 31 March 2001 as per the terms of the arrangement approved by the Honourable High Court of Karnataka.
3. Pursuant to disposal of Whyte and Mackay Group, relevant portion of foreign currency translation reserve has been taken to Consolidated statement of profit and loss (also refer Note 27).
4. Net of taxes of ₹58.485 Million (also refer note 5 of note 6.1)

Notes to the consolidated financial statements *(continued)*

4.1 Long-term borrowings

₹ Million

	As at 31 March 2015	As at 31 March 2014
Secured		
Term loan		
From banks	5,591.209	8,108.419
Finance lease (refer note 23(a))	109.285	7.551
Unsecured		
Fixed deposits	–	3,856.867
Term loan		
From banks	7,310.650	105.071
From others	82.125	335.453
Deferred sales tax liability	239.215	259.852
Inter-corporate deposit	–	6.522
	13,332.484	**12,679.735**
Less: current maturities		
Secured		
Term loan		
From banks	205.008	682.650
Finance lease (refer note 23(a))	34.118	3.336
Unsecured		
Fixed deposits	–	1,655.225
Term loan		
From banks	1,895.598	91.114
From others	–	256.718
Deferred sales tax liability	24.602	17.421
Inter corporate deposit	–	6.522
	11,173.158	**9,966.749**

Also refer note 34(b)

a. Nature of security and terms of repayment for secured borrowings:

Nature of security	Terms of repayment
(i) Term loans from banks amounting to Nil (2014: ₹631.274 Million) are secured by a charge on certain fixed assets of the Company.	The entire loan has been repaid during the year.
(ii) Term loan from a bank amounting to ₹ Nil (2014: ₹412.500 Million) are secured by a charge on certain fixed assets of the Company and pledge of certain shares held by UB Group entities.	The entire loan has been repaid during the year.
(iii) Term loan from banks amounting to ₹5,000.000 Million (2014: ₹5,000.000 Million) are secured by a charge on certain fixed assets of the Company.	Repayable after three years from the date of first disbursement (3 March 2014). The rate of interest is @10.85% p.a payable monthly.
(iv) Term loan from bank amounting to ₹ Nil (2014: ₹1,145.631 Million) are secured by a charge on certain fixed assets of the Company and pledge of certain shares held by a UB Group entities.	The entire loan has been repaid during the year.
(v) Term loans from banks amounting to ₹306.432 Million (2014: ₹375.196 Million) taken by one of the subsidiaries are secured by a charge on property of that subsidiary.	Repayable in 15 years with a moratorium of 5 years from the date of loan i.e. 10 October 2007 along with a minimum interest of 5% p.a.
(vi) Term loans from banks amounting to ₹3.049 Million (2014: ₹18.168 Million) taken by one of the subsidiaries are secured by a charge on the plant and machinery of that subsidiary.	Repayable in 28 quarterly installments from the date of loan (15 April 2008) along with a interest of 5.5% p.a..
(vii) Term loans from banks amounting to ₹2.868 Million (2014: ₹17.077 Million) taken by one of the subsidiaries are secured by a charge on the plant and machinery of that subsidiary.	Repayable in 84 monthly installments from the date of loan (1 June 2008) along with interest of 5.50% p.a.
(viii) Term loans from banks amounting to ₹2.055 Million (2014: ₹3.805 Million) taken by one of the subsidiaries is secured by a charge on the plant and machinery of that subsidiary.	Repayable in 60 monthly installments from the date of loan (1 February 2012) along with a interest of 4.46% p.a.

Notes to the consolidated financial statements *(continued)*

a. Nature of security and terms of repayment for secured borrowings: *(contd...)*

Nature of security	Terms of repayment
(ix) Term loan from a bank amounting to ₹ Nil (2014: ₹25.507 Million) taken by one of the subsidiaries are secured by a charge on fixed assets including plant and equipment and building of Bio Gas Electricity Plant of that subsidiary. This loan is further secured by second charge on current assets and corporate guarantee given by the Company.	The entire loan has been repaid during the year.
(x) Term loan from a bank amounting to ₹67.947 Million (2014: ₹154.853 Million) taken by one of the subsidiaries is secured by a charge on fixed assets including land and building of that subsidiary. This loan is further secured by second charge on current assets and corporate guarantee given by the Company.	Repayable in 13 equal quarterly installments commencing from 15 March 2013 along with interest of 14.35% p.a.
(xi) Term loan from a bank amounting to ₹ Nil (2014 : ₹30.973 Million) taken by one of the subsidiaries is secured by a charge on fixed assets including land and building of that subsidiary. This loan is further secured by second charge on current assets and corporate guarantee given by the Company.	The entire loan has been repaid during the year.
(xii) Term loan from a bank amounting to ₹208.858 Million (2014: ₹293.434 Million) taken by one of the subsidiaries is secured by a charge on entire fixed assets including hypothecation charge over entire plant and equipment ,building of the proposed expansion project of that subsidiary. This loan is further secured by second charge on current assets and corporate guarantee given by the Company.	Repayable in 21 equal quarterly installments commencing from March 2013 along with interest of 14.35% p.a.

b. Terms of repayment for unsecured borrowings:

Borrowings	Terms of repayment
i. Long term loan from banks:	
(a) amounting to ₹ Nil (2014: ₹85.555 Million).	The entire loan has been repaid during the year.
(b) amounting to ₹2.949 Million (2014: ₹4.906 Million)	Repayable in 60 monthly installments from the date of loan (1 February 2012) alongwith interest of 2.47% p.a.
(c) amounting to ₹2.574 Million (2014: ₹5.103 Million)	Repayable in 41 monthly installments from 25 June 2013, alongwith interest of 1.55% p.a.
(d) amounting to ₹3.594 Million (2014: ₹6.051 Million)	Repayable in 53 monthly installments from 25 June 2013, alongwith interest of 1.75% p.a.
(e) amounting to ₹2.282 Million (2014: ₹3.456 Million)	Repayable in 20 quarterly installments from 17 February 2014, alongwith interest of 2.00% p.a.
(f) amounting to ₹4.718 Million (2014: ₹ Nil)	Repayable in 20 quarterly installments from 13 May 2014, alongwith interest of 2.00% p.a.
(g) amounting to ₹3.335 Million (2014: ₹ Nil)	Repayable in 41 monthly installments from 10 December 2014, alongwith interest of 0.9% p.a.
(h) amounting to ₹3,791.198 Million (2014: ₹ Nil)	Repayable in 2 equal installments at the end of 18 month and 24 month from the date of disbursement (10 September 2014). The loan carries fixed interest @11.15% p.a. payable monthly.
(i) amounting to ₹3,500.000 Million (2014: ₹ Nil)	Repayable after three year from the date of first disbursement (5 January 2015).The loan carries floating interest and presently the rate of interest is 10.75% p.a.payable monthly.
ii. Long term loan from others	
(a) amounting to ₹ Nil (2014: ₹256.718 Million)	The entire loan has been repaid during the year.
(b) amounting to ₹82.125 Million (2014: 78.734 Million)	Terms of repayment are not stipulated. The loan is interest free.
iii. Fixed Deposits	The Company has repaid all the deposits, except those incase of which the duly discharged fixed deposit receipts were not surrendered. The amount in this respect has been transferred to a separate non–interest bearing escrow account amounting to ₹215.462 Million. The same is disclosed under other current laibilities.
iv. Inter-corporate deposits amounting to ₹ Nil (2014: ₹6.522 Million)	The entire deposits has been repaid during the year.

c. The liability on sales tax deferment for Pioneer Distilleries Limited made up to 2009-10 is ₹287.806 Million which has been collected under deferral scheme of Maharashtra State Government and is repayable in 14 years starting from the end of the 10th year i.e. 2010-11.

Notes to the consolidated financial statements *(continued)*

4.2 Other long term liabilities

₹ Million

	As at 31 March 2015	As at 31 March 2014
Security deposits	210.170	314.053
Due to asset vendors	250.817	348.887
Term liability towards franchisee rights (Refer note 21)	758.880	1,205.280
	1,219.867	**1,868.220**

4.3 Long-term provisions

₹ Million

	As at 31 March 2015	As at 31 March 2014
Onerous lease provision (Refer note 24)	–	782.708
Employee Benefits:		
Provision for shortfall in provident fund trust [Refer note 22(b)]	97.139	123.972
Provision for compensated absences	545.275	425.439
Provision for pension liability [Refer note 22(b)]	18.658	819.669
	661.072	**2,151.788**

5.1 Short-term borrowings

₹ Million

	As at 31 March 2015	As at 31 March 2014
Secured		
Working capital loans from banks [Refer note 34(a)]	16,235.963	17,276.468
Short-term loan from banks	4,800.000	39,248.308
Unsecured		
Short-term loan from banks	13,000.000	13,866.504
Short-term loan from others	2,500.000	–
	36,535.963	**70,391.280**

Also refer note 34 (b)

Nature of security	Terms of repayment
(i) Working capital loans are secured by hypothecation of inventories, book debts and other current assets.	Interest rates are linked to respective banks base rates and ranges from 10.95% to 13.85% p.a payable monthly in case of Indian subsidiaries and 3% to 5% p.a. payable monthly in case of Overseas subsidiaries.
(ii) Short term loan from bank amounting to ₹1,400.000 Million (2014: Nil) are secured by charge on inventories, book debts and other current assets of the Company.*	Repayable on 18 May 2015 amounting to ₹950.000 Million and on 15 June 2015 amounting to ₹450.000 Million and carries interest at 10.90% p.a. and 10.70% p.a respectively. The interest is payable monthly.
(iii) Short term loan from bank amounting to ₹1,000.000 Million (2014: Nil) are secured by a charge on certain fixed assets of the Company.	Repayable on demand and carries interest at 10.95% p.a payable monthly.
(iv) Short term loan from bank amounting to ₹2,400.000 Million (2014: ₹2,400 Million) are secured by a pledge of certain shares held by the company**	Repayable on 4 May 2015 and carries interest at 11% p.a. payable monthly.
(v) Short-term loans from banks amounting to ₹ Nil (2014: ₹36,848.308 Million) are secured by a fixed and floating charge over the assets of one of the subsidiaries including a pledge on its maturing stock and over the share capital of subsidiary companies in United Kingdom.	The loan has been repaid fully during the year.

* Subsequent to the Balance sheet date, the loan repayable on 18 May 2015 has been rolled over.

** This loan has been repaid subsequent to the Balance sheet date and pledge on shares has been released.

Notes to the consolidated financial statements *(continued)*

5.2 Trade payables

₹ Million

	As at 31 March 2015	As at 31 March 2014
Acceptances*	159.289	3,285.023
Trade creditors	7,582.389	14,122.784
Dues to related parties	255.863	894.283
	7,997.541	**18,302.090**

* Includes bills drawn against inland letters of credit of ₹Nil (2014: ₹2,301.990 Million) and secured by a charge on debtors, inventories and other current assets of the Company.

5.3 Other current liabilities

₹ Million

	As at 31 March 2015	As at 31 March 2014
Current maturities of :		
Long-term borrowings (Refer note 4.1)	2,100.606	2,692.229
Finance lease (Refer note 4.1)	34.118	3.336
Deferred sales tax liability (Refer note 4.1)	24.602	17.421
Interest accrued but not due	164.976	639.694
Interest accrued and due	5.120	–
Liability towards franchisee rights (Refer note 21)	446.400	446.400
Advance from customers and others	452.813	404.193
Unpaid /unclaimed dividends/ debentures*	17.101	20.869
Unpaid /unclaimed matured fixed deposits (including accrued interest)**	260.607	76.308
Due to asset vendors	426.252	377.898
Employee payables	653.261	685.716
Statutory dues	1,154.490	1,814.364
Other liabilities	3,612.400	3,979.669
	9,352.746	**11,158.097**

* As required under section 205C of the Companies Act, 1956, the Company has transferred ₹4.084 Million (2014: ₹4.067 million) to the Investor education and protection fund (IEPF) during the year.

** Includes unclaimed fixed deposit of ₹215.462 Million (2014 ₹ Nil) in case of which the duly discharged fixed deposit receipts are not surrendered by the deposit holders.

5.4 Short-term provisions

₹ Million

	As at 31 March 2015	As at 31 March 2014
Provision for income tax (net of advance tax)	3,173.467	3,268.261
Provision for sales and other taxes (Refer note 41)	1,391.668	418.354
Fringe benefit tax (net of payments)	1.389	1.389
Employee benefits:		
Provision for gratuity* [Refer note 22(b)]	602.128	569.222
Provision for pension liability [Refer note 22(b)]	2.311	2.304
Provision for compensated absences	171.482	148.188
	5,342.445	**4,407.718**

* Includes ₹ Nil (2014: ₹7.240 Million) received from other funds on account of transfer of few executives and is payable to Company's trust.

Notes to the consolidated financial statements *(continued)*

6. Fixed assets

6.1. Tangible assets

₹ Million

Description	Gross block						Accumulated depreciation							Net block	
	As at 01 April 2014	Translation adjustments	Additions during the year	Deletion/ adjustments during the year	On disposal (Refer note 4 below)	As at 31 March 2015	As at 1 April 2014	Translation adjustments	Transitional Depreciation	Charge for the year	Deletion/ adjustments during the year	On disposal (Refer note 4 below)	As at 31.March 2015	As at 31.March 2015	As at 31. March 2014
Land:															
Freehold	3,463.038	(4.985)	24.618	–	823.163	2,659.508	–	–	–	–	–	–	–	2,659.508	3,463.038
Leasehold	112.263	–	–	–	–	112.263	–	–	–	–	–	–	–	112.263	112.263
Buildings (Notes 1 to 3 below)	9,027.101	(200.992)	222.901	1.549	3,854.533	5,192.928	2,191.680	(89.891)	34.172	341.975	1.549	1,283.149	1,193.238	3,999.690	6,835.421
Plant and equipment	20,478.786	(204.339)	975.683	7.537	7,590.302	13,652.291	9,627.011	(93.372)	621.839	1,591.384	7.537	5,151.567	6,587.758	7,064.533	10,851.775
Furniture and fixtures	1,226.694	2.703	54.827	4.894	354.640	924.690	715.027	(11.424)	15.125	63.139	2.564	303.423	475.880	448.810	511.667
Office equipment:															
Finance lease	4.476	–	113.452	4.476	–	113.452	4.476	–	–	13.148	4.476	–	13.148	100.304	–
Owned	522.242	(10.650)	77.794	13.313	268.272	307.801	461.956	(61.891)	54.742	100.235	2.948	249.224	302.870	4.931	60.286
Vehicles															
Finance lease	13.292	–	11.877	–	–	25.169	7.587	–	–	5.043	–	–	12.630	12.539	5.705
Owned	283.167	(0.237)	3.063	3.132	52.921	229.940	218.480	(0.246)	–	16.640	3.132	51.566	180.176	49.764	64.687
Aircraft	186.290	–	–	–		186.290	186.290	–	–	–	–	–	186.290	–	–
	35,317.349	**(418.500)**	**1,484.215**	**34.901**	**12,943.831**	**23,404.332**	**13,412.507**	**(256.824)**	**725.878**	**2,131.564**	**22.206**	**7,038.929**	**8,951.990**	**14,452.342**	**21,904.842**
Previous Year	*31,025.950*	*2,296.462*	*2,196.828*	*201.891*	–	*35,317.349*	*10,721.235*	*1,213.030*	–	*1,594.077*	*115.835*	–	*13,412.507*	*21,904.842*	

6.2 Intangible assets

₹ Million

Description	Gross block						Accumulated amortisation							Net block	
	As at 01 April 2014	Translation adjustments	Additions during the year	Deletion/ adjustments during the year	Disposal during the year	As at 31 March 2015	As at 1 April 2014	Translation adjustments	Transitional amortisation	Charge for the year	Deletion/ adjustments during the year	Disposal during the year	As at 31.March 2015	As at 31.March 2015	As at 31. March 2014
Trademarks, formulae and licenses	445.259	10.860	–	–	–	456.119	262.708	9.183	–	44.402	–	–	316.293	139.826	182.551
Franchisee rights (Refer note 21)	7,593.448	(37.855)	–	–	2,884.614	4,670.979	1,696.292	(130.086)	–	92.962	–	985.569	673.599	3,997.380	5,897.156
	8,038.707	**(26.995)**	**–**	**–**	**2,884.614**	**5,127.098**	**1,959.000**	**(120.903)**	**–**	**137.364**	**–**	**985.569**	**989.892**	**4,137.206**	**6,079.707**
Previous Year	*7,689.613*	*39.880*	–	*262.081*	–	*7,467.412*	*1,127.022*	*399.930*	–	*432.048*	–	–	*1,959.000*	*6,079.707*	

Notes:

1. Buildings include an amount of ₹357.014 Million (2014: ₹357.014 Million) which is yet to be registered in the name of the Company. The amount paid is also a part of the additional review as stated in note 35(e).
2. Cost of buildings includes the following payments made for the purpose of acquiring the right of occupation of Mumbai godown space:
   i) 660 equity shares (unquoted) of ₹100 each fully paid in Shree Madhu Industrial Estate Limited ₹0.066 Million (2014: ₹0.066 Million). Application has been made for duplicate share certificates and the same is in the process.
   ii) 199, 6% Debentures (unquoted) of ₹1,000 each fully paid in Shree Madhu Industrial Estate Limited ₹0.199 Million (2014: ₹0.199 Million). Application has been made for duplicate debentures certificates and the same is in the process.
   iii) Deposit with Shree Madhu Industrial Estate Limited ₹0.132 Million (2014: ₹0.132 Million)
3. Cost of buildings include value of fully paid shares ₹0.006 Million (2014: ₹0.006 Million) held in Co-operative Housing Societies.
4. Disposals during the year represents gross block and accumulated depreciation amounting to ₹14,796.151 Million and ₹7,788.674 Million respectively pertaining to WMG (also refer note 27) and ₹1,032.294 Million and ₹235.824 Million pertaining to Enrica (also refer note 33).

Notes to the consolidated financial statements *(continued)*

6. Fixed assets *(contd...)*

5. Depreciation and amortisation for the year ended :

₹ Million

	31 March 2015	31 March 2014
Depreciation charge	2,131.564	1,594.077
Amortisation	137.364	432.048
Transfer of depreciation on account of slump sale to Enrica Enterprises Private Limited [Refer note 33]	(40.187)	–
	2,228.741	**2,026.125**

6. Consequent to the enactment of the Companies Act, 2013 (the "Act") and its applicability to accounting periods commencing from 1 April 2014, the Company and certain subsidiaries have realigned the remaining useful lives of their tangible fixed assets in accordance with the provisions prescribed under Schedule II to the Act. Consequently, in case of tangible fixed assets which have completed their useful lives, the carrying value (net of residual value) as at 1 April 2014 amounting to ₹667.393 Million (net of tax of ₹58.544 Million) has been debited to "Surplus/ (deficit) as per consolidated statement of profit and loss" under Reserves and Surplus and in case of other tangible fixed assets, the carrying value (net of residual value) is being depreciated over the revised remaining useful lives. Accordingly, the depreciation and amortization expense for the year ended 31 March 2015 is higher by ₹191.307 Million.

7. Non-current investments

₹ Million

	As at 31 March 2015		As at 31 March 2014	
Investment property (Valued at cost) [Refer note 3 below]		748.293		956.954
		748.293		**956.954**
Trade investments (Valued at cost)				
Quoted				
In fully paid equity shares (Refer note 2 below)		150.532		150.532
Unquoted				
In fully paid equity shares		2.582		12.236
Associates**	31.821		31.821	
Add: Accumulated losses of associates	(31.821)		(31.821)	
(net of dividend received)		–		–
** including Goodwill on acquisition of Associates ₹3.518 Million (2014: ₹3.518 Million)				
		153.114		**162.768**
Other investments				
Quoted				
In fully paid equity shares		3.652		4.147
Unquoted				
In fully paid units	9.986		9.005	
Less: Provision for diminution in the value of investment	(1.205)		(1.205)	
		8.781		7.800
In fully paid equity shares		0.660		0.130
In fully paid debentures (Non-redeemable) (Refer note 1 below)		0.048		0.048
In Government securities		0.250		0.196
		13.391		**12.321**
Total investments		**914.798**		**1,132.043**
Aggregate value of quoted investments:				
Book value		154.184		154.679
Market value		8,684.485		7,075.636
Aggregate book value of unquoted investments		760.614		977.364
Aggregate provision for diminution in the value of investments		1.205		1.205

Notes:

1 Market quotations are not available for investments amounting to ₹0.039 Million (2014: ₹0.039 Million)

2 The Company has pledged the shares held in United Breweries Limited with banks for the term loan availed. This loan has been repaid subsequent to the Balance sheet date and pledge on shares has been released.

3 Investment property represents the castle and residential premises owned by the Group in Scotland and Hongkong respectively.

Notes to the consolidated financial statements *(continued)*

8. Deferred tax assets (net)

₹ Million

	As at 31 March 2015	As at 31 March 2014
Deferred tax assets		
Provision for doubtful debts / advances / deposits	1,111.641	980.112
Employee benefits	284.834	404.064
Others	81.950	652.245
	1,478.425	**2,036.421**
Deferred tax liabilities		
Depreciation	600.497	1,069.540
	877.928	**966.881**

9. Long term loans and advances

(Unsecured, considered good unless stated otherwise)

₹ Million

	As at 31 March 2015		As at 31 March 2014	
Capital advances		665.923		340.905
Loans and advances to tie-up units				
Considered good	–		271.362	
Considered doubtful	133.790		–	
	133.790		271.362	
Less: Provision for doubtful loans and advances (Refer note 35)	133.790	–	–	271.362
Loans and advances to related parties				
Considered good	116.705		10,136.256	
Considered doubtful	13,373.159		3,303.186	
	13,489.864		13,439.442	
Less : Provision for doubtful advances [Refer note 35]	13,373.159		3,303.186	
		116.705		10,136.256
Advance income tax (net of provisions)		2,495.147		1,799.550
Security deposits [Refer note (i) and (ii) below]				
Considered good	490.547		567.629	
Considered doubtful	1,416.809		1,416.809	
	1,907.356		1,984.438	
Less: Provision for doubtful deposits [Refer note 35]	1,416.809		1,416.809	
		490.547		567.629
Pre-paid expenses [Refer note (iii) below]		2,345.442		2,617.713
Other advances:				
Considered good [Refer note (iv) below]	1,994.656		2,776.086	
Considered doubtful	3,976.792		3,525.892	
	5,971.448		6,301.978	
Less: Provision for doubtful advances [Refer note 35]	3,976.792		3,525.892	
		1,994.656		2,776.086
		8,108.420		**18,509.501**

The above amounts include:

(i) due from Company Secretary of ₹ Nil (2014: ₹3.041 Million). Maximum amount outstanding at any time during the year ₹3.041 Million (2014: ₹3.041 Million).

(ii) due from the Directors of the Company ₹6.415 Million (2014: ₹15.055 Million). Maximum amount outstanding at any time during the year ₹15.055 Million (2014: ₹15.055 Million).

(iii) ₹2,340.315 Million (2014: ₹2,581.250 Million) paid to a related party under trade mark licence agreement.

(iv) amount deposited ₹350.000 Million (2014: ₹350.000 Million) in Honourable Civil Court, Mapusa, Goa to establish the proprietary interest it has on the property.

Notes to the consolidated financial statements *(continued)*

10. Other non-current assets

₹ Million

	As at 31 March 2015		As at 31 March 2014	
Unsecured				
(i) Long-term trade receivables - considered good	–		–	
- considered doubtful	–		5.000	
	–		5.000	
Less: Provision for doubtful debts	–		5.000	
		–		–
(ii) Others				
Long term deposits with banks: (Refer note 11.4)				
On margin money deposits	1.300		1.300	
		1.300		1.300
		1.300		**1.300**

11.1 Current investments

(Valued at cost or fair value, whichever is lower)

₹ Million

	As at 31 March 2015	As at 31 March 2014
Unquoted		
Investments in mutual funds	10.696	9.989
Sole beneficial interest in trusts*	1,238.109	1,238.109
	1,248.805	**1,248.098**
Aggregate value of quoted investments		
Book value	–	–
Market value	–	–
Aggregate book value of unquoted investments	1,248.805	1,248.098

*Includes

a) sole beneficial interest in USL Benefit Trust (UBT) of ₹1196.969 Million (2014: 1196.969 Million). UBT holds shares of the Company which were pledged in favour of Unit Trust of India Investment Advisory Services Limited, a Security Trustee of Punjab National Bank (PNB) and IDBI Bank Limited (IDBI) for the term loan availed by USL from PNB and IDBI. The loan has been repaid and PNB has issued "No Objection Letter", however IDBI is yet to release the Company shares. Writ Petition has been filed by the Company and the same is pending before Honourable High Court of Karnataka. [Refer note 34(a)]

b) sole beneficial interest in SWFSL Benefit Trust (SBT) of ₹41.140 Million (2014: ₹41.140 Million). SBT holds 72,416,505 equity shares of SWFCL. These shares are kept with escrow agent in view of court order. Pursuant to a scheme of amalgamation, such beneficial interest are held in trust by the trustee of SBT for the benefit of SWFCL.

11.2 Inventories

(Valued at lower of cost and net realisable value)

₹ Million

	As at 31 March 2015	As at 31 March 2014
Raw materials	2,668.717	2,396.704
[including materials in transit ₹250.142 Million (2014: ₹331.359 Million)]		
Work-in-progress *	10,002.495	20,473.136
[including held by a branch outside India ₹4,065.822 Million (2014: ₹4,321.700 Million)]		
Finished goods	2,888.203	4,460.954
Stock-in-trade [including goods in transit ₹206.332 Million (2014: ₹5.243 Million)]	351.113	83.254
Packing materials, stores and spares	1,670.591	1,937.144
	17,581.119	**29,351.192**
* Interest included in the stock of work-in-progress	536.256	457.660

Notes to the consolidated financial statements *(continued)*

11.3 Trade receivables

(Unsecured, considered good unless stated otherwise)

₹ Million

	As at 31 March 2015	As at 31 March 2014
Outstanding for a period of more than six months:		
Considered good	526.378	284.389
Considered doubtful	3,378.847	1,053.364
	3,905.225	1,337.753
Others: Considered good*	16,988.625	22,368.098
Considered doubtful	540.642	2,464.665
	21,434.492	26,170.516
Less: Provision for doubtful debts	3,919.489	3,518.029
	17,515.003	**22,652.487**

* includes due from related parties - ₹223.099 Million (2014: ₹155.690 Million) [Refer note 26(c)] .

11.4 Cash and bank balance

₹ Million

	As at 31 March 2015	As at 31 March 2014
(a) Cash and cash equivalents:		
Cash on hand	2.127	6.484
Cheques on hand	162.468	65.109
Balances with banks:		
On current accounts (Refer note (i) below)	2,356.337	5,887.742
On deposit account with original maturity of less than three months	107.666	97.757
	2,628.598	**6,057.092**
(b) Other bank balances:		
On unpaid dividend	17.101	20.869
On unpaid deposit accounts (Refer note (ii) below)	260.607	76.308
Margin money deposits	1.300	1.300
Deposits due to mature within 12 months from the reporting date (Refer note (iii), (iv), (v) and (vi) below)	722.460	893.024
	1,001.468	**991.501**
(c) Amounts disclosed under non-current assets (Note 10)		
On margin money deposits	(1.300)	(1.300)
	(1.300)	(1.300)
	3,628.766	**7,047.293**

The above balances:

(i) includes ₹8.347 Million (2014: ₹3.469 Million) in Exchange Earners Foreign Currency (EEFC) Account and ₹2.071 Million (2014: ₹9.713 Million) in Foreign currency and have not been hedged.

(ii) includes ₹215.462 Million transferred to a separate non-interest bearing escrow account pertaining to unclaimed fixed deposits wherein duly discharged Fixed Deposit Receipts were not received.

(iii) includes Nil (2014: ₹449.154 Million) deposited in accordance with Companies (Acceptance of Deposit) Rules,1975.

(iv) includes Nil (2014: ₹179.250 Million) pledged as security against loan from a bank.

(v) includes ₹462.500 Million (2014: ₹ Nil) held in an escrow account deposited by purchaser of Whyte and Mackay Group for a period of 8 months post the effective date of sale.

(vi) includes ₹246.039 Million (2014: ₹225.388 Million) has been kept under escrow pending resolution of various taxation matters.

Notes to the consolidated financial statements *(continued)*

11.5 Short term loans and advances

(Unsecured, considered good unless stated otherwise)

₹ Million

	As at 31 March 2015	As at 31 March 2014
Income accrued on investments and deposits/advances		
Considered good	25.518	58.562
Considered doubtful	48.467	48.467
Income accrued on advances - related parties [Refer note 35]		
Considered doubtful	963.069	963.069
Advances to related parties	–	2.210
Advances to Tie-up units		
Considered good	2,496.050	1,594.595
Considered doubtful	708.136	670.880
Taxes and duties paid in advance	3,590.716	3,849.016
Loans and advances to employees	14.345	32.034
Advances to suppliers		
Considered good	471.963	1,370.263
Considered doubtful	982.206	412.316
Other receivables	71.030	108.003
Prepaid expenses *	1,116.981	2,412.021
	10,488.481	11,521.436
Less: Provision for doubtful advances [Refer note 35]	2,701.878	2,094.732
	7,786.603	**9,426.704**

* includes ₹295.507 Million (2014: ₹263.000 Million) paid to a related party under trade mark license agreement.

11.6 Other current assets

₹ Million

	As at 31 March 2015	As at 31 March 2014
Unamortised debt issue expenses	–	139.421
Assets held for sale (net of provisions)	0.747	0.747
Other receivable [Refer note 33]	871.333	–
	872.080	**140.168**

12. Revenue from operations

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Sales (gross)		
Own manufactured goods	2,01,786.382	2,17,644.822
Traded goods	14,688.752	12,560.226
Income arising from sale by manufacturers under 'Tie-up'		
agreements (Tie-up units) - (Refer note 32)	3,940.448	4,614.160
Income from brand franchise	952.841	364.746
Income from IPL franchise	935.339	914.636
	2,22,303.762	**2,36,098.590**

13.1 Other operating income

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Scrap sales	333.020	404.542
Sales tax incentive*	344.353	285.161
Income from distribution services	369.191	164.008
Miscellaneous	709.475	291.231
	1,756.039	**1,144.942**

*(Maharashtra Value Added Tax (MVAT) incentive receivable from Govt of Maharashtra under Industrial promotion subsidy (IPS)).

Notes to the consolidated financial statements *(continued)*

13.2 Other income

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Interest income*	344.897	454.380
Exchange gain, net	–	5,637.815
Dividend income	11.460	18.639
Lease rent	295.643	546.747
Profit on sale of fixed assets, net	4.110	–
Liabilities no longer required written back	123.351	133.280
Bad debts/ advances recovered	29.409	66.054
Insurance claims	1.897	2.223
	810.767	**6,859.138**

* An amount of ₹1,207.545 Million (2014: ₹1,011.536 Million) has not been recognised based on Management's assessment of recoverability.

14. Cost of materials consumed

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Raw materials	24,887.145	33,433.930
Packing materials	18,451.469	21,014.994
	43,338.614	**54,448.924**

15. Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Opening stock:		
Work-in-progress	20,473.135	16,417.945
Finished goods	4,460.954	4,592.618
Stock-in-trade	83.254	82.449
	25,017.343	**21,093.012**
Less : Stocks of the Demerged unit as on 1 April 2014		
Finished goods	89.611	–
Work-in-progress	81.315	–
	170.926	**–**
Closing stock:		
Work-in-progress*	22,567.737	20,473.135
Finished goods*	5,395.362	4,460.954
Stock-in-trade	144.781	83.254
	28,107.880	**25,017.343**
Excise duty on opening/closing stock of finished goods (net)	(242.202)	(484.314)
	(3,503.665)	**(4,408.645)**

* closing stock includes stock of Whyte and Mackay Group as at 31 October 2014 amounting to ₹14,866.069 Million

16. Employee benefits expense

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries, wages and bonus	5,889.364	6,834.484
Contribution to provident and other funds	1,474.474	1,346.920
Staff welfare expenses	414.700	420.915
	7,778.538	**8,602.319**

Notes to the consolidated financial statements *(continued)*

17. Finance costs

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Interest expense*	6,587.727	10,548.556
Debt issue costs	285.635	2,677.176
	6,873.362	**13,225.732**

*Includes interest on income tax liability pertaining to earlier years ₹ Nil (2014: ₹1587.465 Million)

18. Other expenses

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Exchange loss, net	5,238.740	–
Direct expenses on IPL franchise	910.364	835.678
Consumption of stores and spares	164.344	254.585
Sub-contracting wages	533.491	525.548
Power and fuel	368.352	1,023.534
Rent	1,435.533	1,261.089
Repairs and maintenance:		
Buildings	177.614	224.242
Plant and machinery	254.101	439.397
Others	186.160	302.425
Insurance	167.231	209.803
Rates and taxes #	2,229.634	1,477.338
Travelling and conveyance	915.805	1,117.039
Legal and professional	1,366.753	1,546.070
Freight outwards	2,135.029	2,492.968
Advertisement and sales promotion	10,563.306	13,003.535
Commission on sales	564.726	650.640
Royalty/ brand fee/ trademark/ licence fees	576.407	430.866
Cash discount	630.843	809.236
Sales tax	180.581	267.446
Fixed assets written off	0.216	0.262
Directors' remuneration:		
Sitting fee	8.380	2.480
Bad debts and advances written off	7.133	34.551
Loss on sale of fixed assets, net	–	49.269
Provision for doubtful debts/advances/deposits (Refer note 35)	1,628.225	11,231.568
Write down of value of investments	150.304	1.435
Research and development	101.891	90.258
Others		
Administrative expenses	745.785	804.599
Distribution costs	1,461.375	1,508.294
Miscellaneous	348.904	439.679
	33,051.227	**41,033.834**

includes provision for sales and other taxes [Refer note 41]

19. Exceptional items (net)

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit on disposal of subsidiary (Refer note 27)	2,415.545	–
Provision on advances to United Breweries (Holdings) Limited (refer note 35)	(9,954.597)	–
Impairment in Goodwill (refer note (i) below)	(1,209.012)	(32,357.347)
Profit on sale of manufacturing unit (refer note 33)	356.500	–
	(8,391.564)	**(32,357.347)**

(i) During the year ended 31 March 2015, the Group has recorded impairment in Goodwill with respect to certain subsidiaries amounting to ₹1,209.012 Million. This impairment arises primarily due to low capacity utilization, negative margins or strategic shift in focus of the business. The Company has recorded this impairment based on third party valuations.

20. Earnings per share

	For the year ended 31 March 2015	For the year ended 31 March 2014
Nominal value of equity shares (₹)	10.00	10.00
(a) Net profit/(loss) after tax (₹ Million)		
- Continuing	(19,298.518)	(14,413.044)
- Discontinuing	2,421.369	(30,477.873)
- Total	**(16,877.149)**	**(44,890.917)**
(b) Basic number of equity shares of ₹10 each outstanding during the year	145,327,743	145,327,743
(c) Weighted average number of equity shares of ₹10 each outstanding during the year	145,327,743	141,674,303
(d) Basic and diluted earnings per share (₹) [(a)/(c)]		
- Continuing	(132.79)	(101.73)
- Discontinuing	16.66	(215.13)
- Total	**(116.13)**	**(316.86)**

21. Term liability towards franchisee rights:

The Group holds the perpetual right of the Bangalore Franchise of BCCI-IPL. Although this right is perpetual, it would be prudent to consider this having a 'finite' rather than an 'infinite' life. The limited over version of the game which was first introduced in 1970s is continuing even now after 45 years and an even shorter version (20 over) has only recently being introduced and is more popular than the 50 over format. The Management has held discussion internally as well as with other experts in the field on the subject of useful life and the period of amortisation. Although the Management regards the useful life as indefinite, as a measure of prudence a useful life of 50 years is considered as appropriate and the rights are amortised over 50 years having regard to the following factors:

- The game of cricket has been in existence for over 100 years and there is no indication of interest in the game and the commercial prospects waning.
- The shorter version of the game is increasingly popular.
- The commercial exploitation of the shorter version is on an increasing scale and is expected to reach the scale which other games like soccer have reached.
- This industry (cricket) is, therefore, highly stable and the market demand for this game is likely to remain for more than 50 years with its spread to many countries.
- IPL and its teams have acquired brand status and teams are not identified with countries or geographies but with brand names.
- The franchisees have the intent and ability to provide the necessary financial and other resources required to obtain the expected future economic benefits from this for at least 50 years.

Franshise fee payments to be made upto 2017 have been capitalised. From and including 2018 an amount equal to 20% of the franchise income received in respect to each year is payable as franchise fees. The carrying value of the capitalized rights is assessed for impairment at every balance sheet date.

The carrying amount of Franchise Rights as at 31 March 2015 is ₹3,997.380 Million (2014: ₹4,090.342 Million) to be amortised over the remaining period of 43 years (2014: 44 years).

Term liability towards franchisee rights at the year end aggregating to ₹1,205.280 Million (2014: ₹1,651.680 Million) is payable over a period of 3 years (2014: 4 years), of which ₹446.400 Million (2014: ₹.446.400 Million) is payable within one year.

The governing bodies of this sport in India and globally, over a period of last 7 to 15 years have experienced annualized growth of 19 to 35% in their media/ central rights. The Management believes that given the sheer appeal of this format, which has surpassed all expectations, an annualised growth rate of approximately 9% is projected. Based on the facts above, the Management believes that there is no impairment on the franchise rights.

22. Employee benefits

a) Defined contribution plans

The Group offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the Government, Superannuation Fund (SF) and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees while the SF covers certain executives and the ESI covers certain workers. Contribution to SF is made to United Breweries Staff Super Annuation Fund . However, the Group is in the process of creating its own Trust. Other contributions are made to the Government's funds. While both the employees and the Group pay predetermined contributions into the Provident fund and the ESI Scheme, contributions into the pension fund and the superannuation fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary.

Notes to the consolidated financial statements *(continued)*

22. Employee benefits *(contd...)*

The Group has taken group term policy from a Insurance company to cover the death benefit of certain category of employees. On the death of employee, a specific amount will be paid by the insurance company to the nominee of the deceased employee as per the grade.

During the year, the Group has recognised the following amounts in the consolidated statement of profit and loss, which are included in contribution to provident and other funds in Note 16:

₹ Million

	For the year ended 31 March 2015	For the year ended 31 March 2014
Provident Fund and Employees Pension Scheme*	103.791	296.338
Superannuation Fund	178.749	156.442
Employees State Insurance	7.875	10.791
Death benefit	10.397	(15.856)
National pension fund	2.202	34.876
	303.014	**482.591**

*Excluding contribution to PF made to trusts managed by the Company.

b) Defined benefit plans

Gratuity:

The Group provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company has employees' gratuity funds managed by the Company as well as by Insurance Companies.

Pension:

Whyte and Mackay Group Limited operates and contributes in a defined benefit pension scheme, under which amounts are held in a separately administered trust. Subsequent to disposal of Whyte and Mackay Group, this scheme is no longer a part of the Group.

Provident fund:

For certain executives and workers of the Company, contributions are made as per applicable Indian laws towards Provident Fund to certain Trusts set up and managed by the Company, where the Company's obligation is to provide the agreed benefit to the employees and the actuarial risk and investment risk fall, in substance, on the Company. Having regard to the assets of the Fund and the return on the investments, shortfall in the assured rate of interest notified by the Government, which the Company is obliged to make good is determined actuarially.

₹ Million

	2015						2014					
	Funded			Non funded			Funded			Non funded		
	Gratuity	Pension Fund	Provident fund	Gratuity	Pension Fund	Death benefit	Gratuity	Pension fund	Provident fund	Gratuity	Pension fund	Death benefit
A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation												
Obligation at the beginning of the year	1,755.188	14,268.409	2,087.507	2.756	20.879	–	1,331.939	11,922.784	1,847.025	1.645	22.237	23.466
Contribution by plan participants	–	–	331.615	–	–	–	–	–	225.594	–	–	–
Current service cost	116.600	–	176.809	0.850	4.308	–	81.887	–	149.577	0.391	3.616	(23.466)
Interest cost	141.528	347.152	154.850	0.253	–	–	98.105	618.553	142.204	0.102	–	–
Actuarial (gain)/loss on obligations	454.748	984.108	–	(0.122)	–	–	432.102	(342.988)	–	0.768	–	–
Benefits paid	(312.193)	(290.080)	(459.285)	(0.038)	(4.218)	–	(193.660)	(460.305)	(276.898)	(0.236)	(4.974)	–
Exchange fluctuation	(6.116)	(1,018.339)	–	0.524	–	–	4.815	2,530.365	–	0.086	–	–
Disposal during the year	–	(14,291.250)	–	–	–	–	–	–	–	–	–	–
Obligation at the end of the year	2,149.755	–	2,291.496	4.223	20.969	–	1,755.188	14,268.409	2,087.502	2.756	20.879	–
B. Reconciliation of opening and closing balances of the fair value of plan assets												
Plan assets at the beginning of the year	1,195.962	13,467.315	1,963.530	–	–	–	1,052.724	10,879.803	1,789.385	–	–	–
Adjustment for opening fair value	(0.047)	–	–	–	–	–	–	–	–	–	–	–
Contribution by plan participants	–	–	331.615	0.038	–	–	1.190	–	225.596	0.023	–	–
Contribution by the Company	532.215	281.755	160.057	–	–	–	253.604	199.180	134.583	–	–	–
Expected return on plan assets	120.364	542.975	158.366	–	–	–	99.875	693.246	146.527	–	–	–
Actuarial gains / (losses)	16.146	331.705	40.068	–	–	–	(18.080)	(132.585)	(55.663)	–	–	–
Benefits paid	(312.193)	(290.080)	(459.279)	(0.038)	–	–	(193.660)	(460.305)	(276.898)	(0.023)	–	–
Exchange fluctuation	(0.597)	(1,807.920)	–	–	–	–	0.309	2,287.976	–	–	–	–
Disposal during the year	–	(12,525.750)	–	–	–	–	–	–	–	–	–	–
Plan assets at the end of the year	1,551.850	–	2,194.357	–	–	–	1,195.962	13,467.315	1,963.530	–	–	–

Notes to the consolidated financial statements *(continued)*

22. (b) Defined benefit plans (continued)

₹ Million

	2015						2014					
	Funded			Non funded			Funded			Non funded		
	Gratuity	Pension Fund	Provident fund	Gratuity	Pension Fund	Death benefit	Gratuity	Pension fund	Provident fund	Gratuity	Pension fund	Death benefit
C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognized in the balance sheet												
Present value of obligation at the end of the year	2,149.755	–	2,291.496	4.224	20.969	–	1,755.188	14,268.409	2,087.502	2.756	20.879	–
Less: Fair value of plan assets at the end of the year	1,551.850	–	2,194.357	–	–	–	1,195.962	13,467.315	1,963.530	–	–	–
Liability/ (net asset) recognised in consolidated balance sheet	597.905	–	97.139	4.224	20.969	–	559.226	801.094	123.972	2.756	20.879	–
Current portion of liability/ (net asset) recognised in consolidated balance sheet	597.905	–	–	4.224	2.311	–	559.226	–	–	2.756	2.304	–
Non- current portion of liability/ (net asset) recognised in consolidated balance sheet	–	–	97.139	–	18.658	–	–	801.094	123.972	–	18.575	–
D. Expenses recognised in the consolidated statement of profit and loss												
Current service cost	116.600	–	176.809	0.850	4.308	–	81.887	–	149.577	0.391	3.846	(23.466)
Interest cost	141.528	347.152	154.850	0.253	–	–	98.105	618.553	142.204	0.102	–	–
Expected return on plan assets	(120.364)	(542.975)	(158.366)	–	–	–	(99.875)	(693.246)	(146.527)	–	–	–
Actuarial (gains)/ losses	438.602	652.403	(40.068)	(0.122)	–	–	450.182	(210.403)	55.663	0.768	–	–
Total expenses recognised in the consolidated statement of profit and loss	576.366	456.580	133.225	0.981	4.308	–	530.299	(285.096)	200.917	1.261	3.846	(23.466)
Included in:												
Contribution to provident and other funds in Note 16	576.366	456.580	133.225	0.981	4.308	–	530.299	(285.096)	200.917	1.261	3.846	(23.466)
E. Investment details of plan assets												
Government securities	0%	0%	21%				0%	21%	20%			
Securities guaranteed by Government	0%	0%	0%				0%	0%	0%			
Private Sector Bonds	0%	0%	0%				0%	19%	0%			
Public Sector / Financial Institutional Bonds	0%	0%	68%				0%	0%	70%			
Special Deposit Scheme	0%	0%	5%				0%	0%	6%			
Fund balance with Insurance Companies	98%	0%	0%				91%	0%	0%			
Others (including bank balances)	2%	0%	6%				9%	60%	4%			
	100%	0%	100%				100%	100%	100%			

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on the assets is expected to vary from year to year reflecting the returns on matching government bonds.

₹ Million

	2015			2014		
	Funded			Funded		
	Gratuity	Pension	PF	Gratuity	Pension	PF
F. Actual return on plan assets	10.41%		7.62%	8.00%		7.82%
G. Assumptions						
Discount rate (per annum)	7.80%	NA	7.80%	9.00%	4.50%	9.00%
Expected rate of return on plan assets	9.25%	NA	7.85%	9.25%	5.54%	8.00%
Rate of increase in compensation levels	12.80%	NA	NA	12.50%	2.05%	NA
Attrition rate	10.20%	NA	10.20%	10.20%	NA	NA
Average past service of employees (years)	13.10	NA	NA	13.00	14.00	NA
Mortality rates	Standard Indian Assured Lives (2006-08) Ultimate Table	NA	LIC (a) 1996-98 ultimate table,standard India assured lives 2006-08 ultimate table	Standard India Assured Lives 2006-08 Ultimate Table	S1 series base tables adjusted by 115% plus medium cohort improvement with a 1% underpin	LIC (a) 1996-98 ultimate table,standard India assured lives 2006-08 ultimate table

Notes to the consolidated financial statements *(continued)*

22. (b) Defined benefit plans (continued)

H. Others (funded)

₹ Million

	2015			2014			2013		
	Gratuity	Pension	PF	Gratuity	Pension	PF	Gratuity	Pension	PF
Present value of obligation	2,149.755	–	2,291.496	1,755.188	14,268.409	2,087.502	1,331.939	11,922.784	1,847.025
Fair value of plan assets	1,551.850	–	2,194.357	1,195.962	13,467.315	1,963.530	1,052.724	10,879.802	1,789.385
Amount recognised in Balance sheet – liability	597.905	–	97.139	559.226	801.094	123.972	279.215	1,042.982	57.640
Experience adjustments on present value of obligation	(337.759)	–	–	(98.240)	–	–	(94.788)	–	–
Experience adjustments on plan assets	15.026	–	40.068	(18.003)	–	(27.441)	(1.900)	–	58.216

₹ Million

	2012			2011		
	Gratuity	Pension	PF	Gratuity	Pension	PF
Present value of obligation	1,090.818	10,196.114	1,602.320	955.322	8,197.412	1,459.897
Fair value of plan assets	817.888	9,520.150	1,494.056	726.664	8,125.433	1,357.567
Amount recognised in balance sheet – liability	272.930	675.964	108.264	228.658	71.979	102.330
Experience adjustments on present value of obligation	(80.822)	–	–	(80.729)	–	–
Experience adjustments on plan assets	(18.421)	–	(25.559)	(18.607)	–	(25.559)

I. Others (Non-funded)

₹ Million

	2015			2014			2013		
	Gratuity	Pension	Death Benefit	Gratuity	Pension	Death Benefit	Gratuity	Pension	Death Benefit
Present value of obligation	4.223	20.969	–	2.756	20.879	–	1.645	22.237	23.466
Present value of plan assets	–	–	–	–	–	–	–	–	–
Amount recognised in Balance sheet – Liability	4.223	20.969	–	2.756	20.879	–	1.645	22.237	23.466

₹ Million

	2012			2011		
	Gratuity	Pension	Death Benefit	Gratuity	Pension	Death Benefit
Present value of obligation	1.356	24.155	20.331	6.322	22.801	18.442
Present value of plan assets	–	–	–	–	–	–
Amount recognised in Balance sheet – Liability	1.356	24.155	20.331	6.322	22.801	18.442

Notes:

1. The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
2. As per the best estimate of the management, contribution of ₹604.440 Million (2014: ₹564.286 Million) is expected to be paid to the plans during the year ending 31 March 2016.

Notes to the consolidated financial statements *(continued)*

23. Leases

a) Finance leases

The Company has acquired computer equipment and cars on finance leases. The lease agreement is for a primary period of 36 to 60 months for computer equipments and cars. The Company has an option to renew these leases for a secondary period.

The minimum lease payments and their present value for the finance leases, for the following periods are as follows:

₹ Million

Particulars	As at 31 March 2015		As at 31 March 2014	
	Present value of payments	Minimum lease payments	Present value of payments	Minimum lease payments
Not later than one year	34.118	40.591	3.336	4.166
Later than one year and not later than five years	71.933	79.941	4.215	4.591
Later than five years	3.234	3.358	–	–
	109.285	123.890	7.551	8.757
Less: Finance charges		14.605		1.206
Present value of net minimum lease payments		**109.285**		**7.551**

b) Operating leases

The Company's significant leasing arrangements in respect of operating leases for premises (residential, office, stores, godown, manufacturing facilities etc.) and plant and machineries, which includes both cancellable and non cancellable leases, and range between 11 months and 3 years generally (or longer in certain cases) and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under note 18 to consolidated statement of profit and loss.

The Whyte and Mackay Group has entered into an operating lease agreement in September 2006 to rent a property over a 30 year period. However, pursuant to Share Purchase Agreement (refer note 27), Whyte and Mackay Group has been disposed off during the year. Consequently, the said leasing arrangements are no more a part of the Group.

Non cancellable operating lease rental payable (minimum lease payments) under these lease are as follows:

₹ Million

Particulars	As at 31 March 2015	As at 31 March 2014
(i) not later than one year;	60.468	114.622
(ii) later than one year and not later than five years;	177.579	260.009
(iii) later than five years;	149.800	350.477
The total of future minimum sublease payments expected to be received under non-cancellable subleases at the consolidated balance sheet date;	**387.847**	**725.108**

24. Onerous lease provision

₹ Million

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
At the beginning of the year	782.708	596.040
Translation adjustment	(51.643)	126.363
	731.065	722.403
Payments during the year	(57.303)	(109.161)
Charged to the consolidated statement of profit and loss	–	169.466
Disposal of subsidiary	(673.762)	–
At the end of the year	**–**	**782.708**

Note:

These provisions were set up in relation to certain leasehold properties of Whyte and Mackay Group Limited, which are un-let or sub-let at a discount. The provisions take account of current market conditions and expected future vacant periods and are utilised over the remaining period of the lease. Whyte and Mackay Group Limited is disposed off during the year. [refer note 27]

Notes to the consolidated financial statements *(continued)*

25. Segment reporting

The Company is primarily organised into two main geographic segments:

India: The 'India' segment is engaged in the business of manufacture, purchase and sale of Beverage Alcohol (Spirits and Wines) including through Tie-up units/ brand franchisees within India.

Outside India: The 'Outside India' segment is engaged in the business of manufacture, purchase and sale of Beverage Alcohol (Spirits and Wines) including through Tie-up units/ brand franchisees outside India.

A. Primary segmental reporting

₹ Million

Geographic segment	2015				2014			
	India	Outside India (Refer note (f))	Unallocated / eliminations	Total	India	Outside India (Refer note (f))	Unallocated / eliminations	Total
(i) Revenue (including other income)								
External	207,189.367	17,669.741	11.460	224,870.568	209,711.903	34,372.128	18.639	244,102.670
Less: Excise duty	126,120.505	4,589.405	–	130,709.910	123,099.073	7,990.303	–	131,089.376
Inter-segment	2,790.325	1,598.171	(4,388.496)	–	2,870.212	1,650.017	(4,520.229)	–
Total revenue	83,859.187	14,678.507	(4,377.036)	94,160.658	89,483.042	28,031.842	(4,501.590)	1,13,013.294
(ii) Result								
Segment result – profit/ (loss)	4,369.172	(5,468.641)	–	(1,099.469)	(3,503.739)	6,942.648	–	3,438.909
Income from investments	–	–	11.460	11.460	–	–	18.639	18.639
Finance cost	–	–	6,873.362	6,873.362	–	–	13,225.732	13,225.732
Profit/ (loss) before taxation	4,369.172	(5,468.641)	(6,861.902)	(7,961.371)	(3,503.739)	6,942.648	(13,207.093)	(9,768.184)
Exceptional items	9,597.762	–	(1,206.198)	8,391.564	–	–	32,357.347	32,357.347
Profit before taxation	(5,228.590)	(5,468.641)	(5,655.704)	(16,352.935)	(3,503.739)	6,942.648	(45,564.440)	(42,125.531)
Provision for taxation	–	–	520.399	520.399	–	–	2,762.314	2,762.314
Profit/ (loss) after taxation	(5,228.590)	(5,468.641)	(6,176.103)	(16,873.334)	(3,503.739)	6,942.648	(48,326.754)	(44,887.845)
Share of Minority interest				3.815				3.072
Net profit/(loss) for the year				(16,877.149)				(44,890.917)
(iii) Other information								
Segment assets	72,265.011	5,122.869	1,498.208	78,886.088	84,910.811	33,679.141	29,986.136	1,48,576.088
Segment liabilities	21,827.359	586.509	49,868.924	72,282.792	25,451.230	9,742.520	83,052.192	1,18,245.942
Capital expenditure (per cashflow)	1,247.957	395.439	–	1,643.396	1,654.133	670.760	–	2,324.893
Depreciation and amortisation	2,492.482	462.137	–	2,954.619	1,183.758	842.367	–	2,026.125
Other non cash expenses	12,015.667	5,634.110	–	17,649.777	11,233.003	2,677.176	32,357.347	46,267.526

B. Secondary segmental reporting

The Group is engaged in the business of manufacture, purchase and sale of Beverage Alcohol (Spirits and Wines) including through Tie-up units/ brand franchisees, which constitutes a single business segment. The Group's other operations did not exceed the quantitative threshold for disclosure as envisaged in AS 17- 'Segment Reporting' prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

Notes:

a. Segment accounting policies are in line with the accounting policy of the Group.

b. Segment revenue includes sales and other income directly identifiable with / allocable to the segment including intersegment revenues.

c. Expenses that are directly identifiable with/allocable to segment are considered for determining the segment results. Expenses which relates to the group as a whole and not allocable to segments, are included under "Unallocable Corporate expenses".

d. Segment revenue resulting from transactions with other segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

e. Segment assets and liabilities includes those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represents the assets and liabilities that relates to the Group as a whole and not allocable to any segments. Unallocable assets mainly comprise of investments in subsidiary companies (Goodwill on consolidation). Unallocable liabilities include mainly loan funds and proposed dividend.

f. Pursuant to the SPA with respect to sale of Whyte and Mackay Group Limited, a significant portion of Outside India segment has been disposed of during the year and is presented as discontinuing operations (refer note 27).

Notes to the consolidated financial statements *(continued)*

26. Related party disclosures

(a) Names of related parties and description of relationship

Associates	Entities where there is control	Key Management Personnel (KMPs)	Employees' Benefit Plans where there is significant influence	Holding companies	Fellow subsidiaries	Entities under common influence/ control with the company	Entities having significant influence over the Group
Wine Soc. of India Private Limited (Wine Soc of India)	USL Benefit Trust	Mr Ashok Capoor - Managing Director (effective upto 30 April 2014)	McDowell & Company Limited Staff Gratuity Fund (McD SGF)	Diageo plc. (ultimate holding company) (with effect from 4 July 2013)	Diageo Scotland Limited (with effect from 4 July 2013)	City Properties Maintenance Company Bangalore Limited United Breweries Limited	United Breweries (Holdings) Limited [UBHL]
	SWFSL Benefit Trust	Mr P A Murali - Executive Director and CFO (effective upto 22 April 2015)	McDowell & Company Limited Officers' Gratuity Fund (McD OGF)	Relav B V (holding company) (with effect from 4 July 2013)	Diageo India Private Limited (with effect from 4 July 2013)	United Breweries Limited	Kingfisher Finvest India Limited
		Mr Anand Kripalu-Managing Director and Chief Executive Officer (with effect from 14 August 2014)	Shaw Wallace & Co Ltd Executive Staff Gratuity Fund (SWCESGF)		Diageo Brands BV (with effect from 4 July 2013)		
			Shaw Wallace & Co Ltd Employees Gratuity Fund (SWC EGF)		Diageo Singapre Supply Pte Ltd (with effect from 4 July 2013)		
			Phipson & Company Limited Management Staff Gratuity Fund (PCL SGF)				
			Phipson & Company Limited Gratuity Fund (PCL GF)				
			Carew & Company Ltd. Gratuity Fund (CCL GF)				
			McDowell & Company Limited Provident Fund (McD PF)				
			Shaw Wallace & Co Associated Companies Provident Fund (SWCPF)				
			Shaw Wallace & Associated Companies Executive Staff Fund (SWCSGF)				
			Whyte and Mackay pension scheme (WMPS) (till 31 October 2014)				
			Balaji Distilleries Employees Gratuity Trust				

Notes to the consolidated financial statements *(continued)*

26. Related party disclosures *(contd...)*

(b) Summary of the transactions with related parties:

₹ Million

Sl. No.	Nature of transactions *	March 2015 Associates	March 2015 Entities where there is control	March 2015 Key management personnel	March 2015 Employees' benefit plans where there is significant influence	March 2015 Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	March 2015 Total	March 2014 Associates	March 2014 Entities where there is control	March 2014 Key management personnel	March 2014 Employees' benefit plans where there is significant influence	March 2014 Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	March 2014 Total
a)	Purchase of goods												
	- Diageo Scotland Limited	–	–	–	–	–	–	–	–	–	–	702.849	702.849
	- Diageo plc.	–	–	–	–	463.823	463.823	–	–	–	–	–	–
	- Diageo Brands BV	–	–	–	–	255.863	255.863	–	–	–	–	–	–
b)	Interest received from associates												
	- Wine Soc of India	24.796	–	–	–	–	24.796	19.330	–	–	–	–	19.330
c)	Sale of goods												
	- UBHL - UB Global Corporation	–	–	–	–	50.833	50.833	–	–	–	–	507.649	507.649
	- Diageo plc.	–	–	–	–	592.838	592.838	–	–	–	–	1,183.273	1,183.273
d)	Advertisement and sales promotion												
	- UBHL - UB Global Corporation	–	–	–	–	–	–	–	–	–	–	63.908	63.908
e)	Interest income												
	- UBHL^	–	–	–	–	63.527	63.527	–	–	–	–	308.431	308.431
f)	Guarantee/ security commission paid												
	- UBHL	–	–	–	–	7.831	7.831	–	–	–	–	5.500	5.500
g)	Trademark License fee												
	- UBHL - UB Global Corporation	–	–	–	–	576.407	576.407	–	–	–	–	432.743	432.743
h)	Finance (including loans and equity contributions in cash or in kind)												
	- UBHL [Refer note 35(b)]	–	–	–	–	–	–	–	–	–	–	1,284.500	1,284.500
	- Wine Soc of India	29.310	–	–	–	–	29.310	58.497	–	–	–	–	58.497
i)	Salary recharge												
	- Diageo India Private Limited	–	–	–	–	61.491	61.491	–	–	–	–	167.887	167.887
j)	Remuneration												
	- Managing Director (Mr Ashok Capoor)	–		2.894	–	–	2.894	–	–	66.170	–	–	66.170
	- Managing Director (Mr Anand Kripalu)	–		62.013	–	–	62.013	–	–	–	–	–	–
	- Executive Director (Mr P A Murali)	–	–	153.092	–	–	153.092	–	–	47.792	–	–	47.792
k)	Rent												
	- Managing Director (Mr Ashok Capoor)	–	–	0.720	–	–	0.720	–	–	8.290	–	–	8.290
	- Executive Director (Mr P A Murali)	–	–	14.454	–	–	14.454	–	–	7.938	–	–	7.938
	- Diageo plc.	–	–	–	–	–	–	–	–	–	–	376.546	376.546
l)	Contribution to gratuity fund												
	- McD OGF	–	–	–	332.283	–	332.283	–	–	–	193.010	–	193.010
	- McD SGF	–	–	–	180.920	–	180.920	–	–	–	54.681	–	54.681
m)	Contribution to provident fund												
	- McD PF	–	–	–	359.462	–	359.462	–	–	–	134.583	–	134.583
n)	Dividend paid												
	- UBHL	–	–	–	–	–	–	–	–	–	–	25.369	25.369
	- USL Benefit Trust	–	–	–	–	–	–	–	8.648	–	–	–	8.648
	- Relay B V	–	–	–	–	–	–	–	–	–	–	90.898	90.898
o)	Contribution to pension fund scheme												
	- WMPS	–	–	–	299.324	–	299.324	–	–	–	199.020	–	199.020

Notes to the consolidated financial statements *(continued)*

26. Related party disclosures *(contd...)*

(b) Summary of the transactions with related parties:

₹ Million

Sl. No.	Nature of transactions *	March 2015						March 2014					
		Associates	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total	Associates	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total
p)	Income from agency commission												
	- Diageo India Private Limited	–	–	–	–	369.191	369.191	–	–	–	–	164.008	164.008
q)	Property maintenance fees												
	- Kingfisher Finvest India Limited	–	–	–	–	127.341	127.341	–	–	–	–	143.259	143.259
r)	House keeping and security services												
	- City Properties Maintenance Company Bangalore Limited	–	–	–	–	50.559	50.559	–	–	–	–	40.748	40.748
s)	Expenses incurred on behalf of the Company, reimbursable												
	- United Breweries Limited	–	–	–	–	4.791	4.791	–	–	–	–	6.483	6.483
t)	Expenses incurred by the Company on behalf of others, reimbursable												
	- United Breweries Limited	–	–	–	–	12.037	12.037	–	–	–	–	17.120	17.120
u)	Provision for doubtful loans and advances												
	- Wine Soc of India	116.582	–	–	–	–	116.582	–	–	–	–	–	–
	- UBHL (Includes provision for interest ₹ Nil (2014: ₹963.069 Million))	–	–	–	–	9,954.598	9,954.598	–	–	–	–	4,266.255	4,266.255

c) Summary of closing balances

₹ Million

Sl. No.	Nature of transactions *	March 2015						March 2014					
		Associates	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total	Associates	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total
a)	Amount due from/ (due to)												
	- Diageo Scotland Limited	–	–	–	–	–	–	–	–	–	–	(812.932)	(812.932)
	- Diageo India Private Limited	–	–	–	–	88.396	88.396	–	–	–	–	(81.351)	(81.351)
	- Diageo Brands BV					(255.863)	(255.863)						
	- UBHL	–	–	–	–	14,219.646	14,219.646	–	–	–	–	14,223.061	14,223.061
	- UBHL - UB Global Corporation					134.703	134.703					155.692	155.692
	- Wine Soc of India	233.287	–	–	–	–	233.287	181.661	–	–	–	–	181.661
	- UBHL - Pegasus	–	–	–	–	(126.405)	(126.405)	–	–	–	–	(27.189)	(27.189)
	- Kingfisher Finvest India Limited	–	–	–	–	0.865	0.865	–	–	–	–	(27.870)	(27.870)
	- McD PF	–	–	–	(30.539)	–	(30.539)	–	–	–	25.353	–	25.253
	- McD OGF	–	–	–	(438.377)	–	(438.377)	–	–	–	(332.283)	–	(332.283)
	- McD SGF	–	–	–	(111.976)	–	(111.976)	–	–	–	(180.920)	–	(180.920)
	- City Properties Maintenance Company Bangalore Limited	–	–	–	–	(7.016)	(7.016)	–	–	–	–	(6.994)	(6.994)
	- United Breweries Limited	–	–	–	–	16.879	16.879	–	–	–	–	5.659	5.659
b)	Rental deposits on behalf of KMPs												
	- Managing Director (Mr Ashok Capoor)	–	–	8.640	–	–	8.640	–	–	8.640	–	–	8.640
	- Executive Director (Mr P A Murali)	–	–	6.415	–	–	6.415	–	–	6.415	–	–	6.415

Notes to the consolidated financial statements *(continued)*

26. Related party disclosures *(contd...)*

c) Summary of closing balances *(contd...)*

₹ Million

Sl. No.	Nature of transactions *	March 2015						March 2014					
		Associates	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total	Associates	Entities where there is control	Key management personnel	Employees' benefit plans where there is significant influence	Holding company/ Fellow subsidiaries/ Entities having significant influence/ Entities under common influence or control	Total
c)	Guarantees and collaterals given/ (received) outstanding												
	- UBHL	–	–	–	–	(550.000)	(550.000)	–	–	–	–	(550.000)	(550.000)
d)	Interest as sole beneficiary in												
	- USL Benefit Trust	–	1,196.969	–	–	–	1,196.969	–	1,196.969	–	–	–	1,196.969
	- SWFSL Benefit Trust	–	41.140	–	–	–	41.140	–	41.140	–	–	–	41.140
e)	Provision for doubtful loans and advances												
	- UBHL (Including provision for interest of ₹963.069 Million (2014: ₹963.069 Million))	–	–	–	–	14,220.850	14,220.850	–	–	–	–	4,266.255	4,266.255
	- Wine Soc of India	116.582	–	–	–	–	116.582	–	–	–	–	–	–
f)	Unammortised trademark license fees												
	- UBHL	–	–	–	–	2,635.822	2,635.822	–	–	–	–	2,844.250	2,844.250

*Excludes reimbursement of expenses and cost sharing arrangements, unless otherwise stated.

^During the year, the Group has not recognised interest income amounting to ₹1,207.545 Million on advances to United Breweries (Holdings) Limited.

Note: The following agreement was also entered in July 2013, however there was no transaction:

- United Breweries (Holdings) Limited (UBHL) has a drag along right under a property sale agreement between UBHL and the Company which is exercisable at fair value upto July 2015.

Refer note 26(d) for details of historical contracts that were not approved by the shareholders of the Company as per the requirements of the listing agreements entered into by the Company with various stock exchanges.

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

26. **(d)** As per the requirements of the listing agreements entered into by the Company with various stock exchanges, and applicable circulars issued by SEBI (including circular No. CIR/CFD/POLICY CELL/2/2014 dated 17 April 2014 ("April 17 Circular") and circular No. CIR/CFD/POLICY CELL/7/2014 dated 15 September 2014), the Company sought approval of its shareholders for certain historical agreements at the Extraordinary General Meeting ("EGM") held on 28 November 2014, including the following: (a) loan agreement dated 3 July 2013, between the Company and UBHL; (b) agreements dated 30 September 2011 and 22 December 2011 respectively, between the Company and UBHL requiring UBHL to sell to the Company certain immovable properties; (c) services agreement dated 3 July 2013, between the Company and Kingfisher Finvest India Limited; (d) advertising agreement dated 1 October 2013 (which amended and restated the original agreement dated 3 July 2013) between the Company and Watson Limited; (e) sponsorship agreement dated 11 June 2013 between the Company and United Racing & Bloodstock Breeders Limited; (f) sponsorship agreement dated 11 June 2013 between the Company and United Mohun Bagan Football Team Private Limited; (g) aircraft services agreement dated 11 June 2013 between the Company and UB Air Private Limited; (h) properties call agreement dated 11 June 2013 between the Company and PE Data Centre Resources Private Limited; and (i) contribution agreement dated 11June 2013 between the Company and Vittal Mallya Scientific Research Foundation.

As stated in the EGM notice dated 31 October 2014, each of the above-mentioned transactions were duly approved by the board of directors of the Company, prior to entering into the agreement corresponding to such transaction. The EGM notice further stated that while the April 17 Circular mandates that all existing material related party transactions be placed before the shareholders for their approval by way of a special resolution, thus far, the consequences of any non-approval of such existing transactions by the shareholders by the requisite majority is unclear. It is therefore possible that non-approval of one or more of the above-mentioned agreements by the requisite majority may result in the Company being obliged to cease to act upon and potentially put the Company in breach of such agreements, which are the subject of non-approval by the shareholders. This could potentially result in a dispute with the relevant counterparties who may contend that the Company has breached the relevant agreement by failing to act on or fulfil its obligations under the same. Such potential disputes could be

26. Related party disclosures *(contd...)*

protracted and costly, and could result in financial or other liabilities on the Company. Also, any inability on the part of the Company to act on or fulfil its obligations under the unapproved agreements could result in the Company being potentially unable to receive the benefit of the various rights that it is entitled to under such agreements (such as in the case of the agreement noted in (b) above). It was also stated in the EGM Notice that in the absence of sufficient clarity in respect of the provisions dealing with existing material related party contracts and arrangements, the Company was tabling the above-mentioned agreements for the approval of the shareholders by way of abundant caution.

It was further stated that the Company was still in the process of seeking confirmations from, and verifying the position in relation to, the counterparties to, inter alia, the above mentioned agreements as to whether or not they are related parties of the Company, and it was not clear whether the counterparties to such agreements are indeed related parties of the Company for the purpose of Clause 49(VII) of the Listing Agreement. However, to the extent it ultimately transpired that all or any of above mentioned agreements do not qualify as existing material related party contracts or arrangements, or the counterparties to all or any of these agreements do not qualify as related parties of the Company, such that approval of the shareholders of the Company is not required under the April 17 Circular in respect of any of the above mentioned contracts or arrangements then, in that case, it shall follow that there will be no consequences on such contracts or arrangements or on their validity or on any act or omission that may have been committed or omitted pursuant thereto, by reason of the shareholders having approved or not approved any of such contracts or arrangements.

At the EGM, the above-mentioned agreements were not approved by the shareholders of the Company by requisite majority. Consequently, the Company has sought clarifications/ directions from SEBI with respect to the implications of the non-approval of the aforesaid agreements by the shareholders of the Company.

Pending the clarification / direction from SEBI, the Company has recognised the charges up to 28 November 2014, in respect of the agreements listed in (c) to (g) and (i) above, amounting to ₹1,357.3 Million during the financial year ended 31 March 2015 (₹1,382.2 Million for the financial year ended 31 March 2014). In light of the fact that the Company's shareholders have not approved the said agreements on 28 November 2014, the Company has not recognised the charges amounting to ₹486.2 Million from 29 November 2014 to 31 March 2015 payable under the agreements listed in (c) to (g) and (i) above. The Company has informed the respective counterparties that the contracts mentioned above have not been approved by the shareholders. Further, subsequent to 28 November 2014, in response to the letters received by the Company from the concerned counterparties, the Company has made payments amounting to ₹74.3 Million to some of these counterparties with respect to the dues for services received prior to 28 November 2014 specifically stating that the said amounts would be refundable to the Company if it is determined that such amounts were not payable by the Company in view of the shareholders not having approved the respective agreements. Pending the clarifications / directions from SEBI, the Company has not made any payments to the respective counterparties under the agreements in (c) to (g) and (i) above for the period subsequent to 28 November 2014 and has considered these amounts as contingent liabilities. Also see Note 35(b) above in relation to the loan agreement listed above.

The summary of the transactions in relation to the historical agreements as below [excluding transactions already disclosed in note 26 (b)]:

₹ Million

Sl. No.	Name of party	Nature of transactions	1 April 2014 to 28 November 2014	For the year ended 31 March 2014
1	United Racing and Bloodstock Breeders Limited	Advertisement & sales promotion	56.180	63.203
2	United Mohun Bagan Football Team Private Limited	Advertisement & sales promotion	59.925	67.416
3	Watson Limited	Advertisement & sales promotion	816.347	879.226
4	Vittal Mallya scientific research foundation	Contribution for scientific research	16.667	18.750
5	UB Air Private Limited	Aircraft charges	280.900	210.393
6	PE Data Centre Resources Private Limited	Property option agreement	–	281.394
7	UB Air Private Limited	Provision for doubtful advance	–	157.040

Summary of closing balances with the above mentioned parties [excluding transactions already disclosed in note 26 (c)]: ₹ Million

Sl. No.	Name of party	Nature of transactions	As at 31 March 2015	As at 31 March 2014
1	UB Air Private Limited	Deposits outstanding	50.000	50.000
2	Watson Limited	Advance for Racing Season	–	478.824
3	PE Data Centre Resources Private Limited	Property Call Money Received	281.394	281.394
4	United Racing and Bloodstock Breeders Limited	Amount due from / (to)	–	(6.125)
5	United Mohun Bagan Football Team Private Limited	Amount due from / (to)	(6.400)	(6.533)
6	Vittal Mallya Scientific Research Foundation	Amount due from / (to)	(0.000)	(2.083)
7	UB Air Private Limited	Amount due from / (to)	157.040	144.336
8	UB Air Private Limited	Provision for doubtful advance	(157.040)	(157.040)

Notes to the consolidated financial statements *(continued)*

27. Discontinuing operations

(i) Further to Diageo plc.'s undertakings offered to UK's Office of Fair Trade (now called Competition and Markets Authority, UK), in January 2014, the Company's Board of Directors decided to initiate a process based on the outlined time-table provided in connection with the decision of the OFT to explore a potential sale of all or part of Whyte and Mackay. As a culmination of this process, on 9 May 2014 the Company's wholly owned subsidiary, United Spirits (Great Britain) Limited (seller or USGBL) entered into a Share Sale and Purchase agreement (SPA) with Emperador UK Limited and Emperador Inc. in relation to the sale of the entire issued share capital of Whyte and Mackay Group Limited (WMG) for an Enterprise Value of £430 Million (calculated with a normalized level of working capital) from which deduction has been made for the payment of a warranty and indemnity insurance premium of £0.85 Million agreed between the seller and the purchaser. The Company has also obtained an opinion from a leading merchant banker and considers that the Enterprise Value is fair from a financial point of view of the Company. The Group has received a letter dated October 16, 2014 from the Authorised Dealer advising the Company to complete the disinvestment of WMG and subsequent liquidation of the intermediary wholly owned subsidiary companies.

ii) On October 31, 2014, the sale of the entire issued share capital of WMG by USGBL to Emperador UK Limited has been completed. With the above sale, WMG and its 45 subsidiaries have ceased to be subsidiaries of the Company. Post adjustment of Pension Deficit, repayment of debt, movements in Net Working Capital and other expenses, the Group has got the balance funds amounting to GBP 400 Million, of which GBP 370 Million has been used to repay Whyte and Mackay acquisition debt. A Retention Deposit of GBP 5 million is retained for any claims for a further period of 3 months post balance sheet date.

iii) On disposal of WMG, foreign current translation reserve (FCTR) relevant to WMG has been adjusted to consolidated statement of profit and loss after adjustment of losses incurred on its disposal. These losses have been computed after adjustment of goodwill on consolidation with respect to WMG. Upon transfer of FCTR to consolidated statement of profit and loss, a gain of ₹2,415 million has been recognised as an exceptional items in the consolidated statement of profit and loss.

WMG represented significant geographical area of operation accounting for nearly 16% of the group income and qualifies as discontinuing operations under AS 24 Discontinuing Operations. Goodwill on consolidation has reduced in the current year primarily on account of disposal of WMG.

The following statement shows the revenue, expenses and profits of the discontinuing operation for the period 1 April 2014 to 31 October 2014.

₹ Million

	For the period 1 April 2014 to 31 October 2014	For the year ended 31 March 2014
Income		
Revenue from operations	8,722.739	17,969.038
Other income	274.677	485.356
	8,997.416	**18,454.394**
Expenditure		
Cost of materials consumed	4,219.378	6,638.509
Employee benefits expenses	1,033.545	2,387.531
Finance cost	0.312	(201.559)
Depreciation and amortisation	292.895	684.407
Other expenses	3,410.948	7,050.178
	8,957.078	**16,559.066**
Profit before exceptional items and tax	**40.338**	**1,895.328**
Exceptional items (refer note 19)	2,415.545	(32,357.347)
Profit/(loss) before tax	**2,455.883**	**(30,462.019)**
Income tax expense	34.514	15.854
Profit/(loss) after tax	**2,421.369**	**(30,477.873)**

The carrying value of the assets and liabilities of the discontinuing operations is as follows:

₹ Million

	As at 31 March 2015		As at 31 March 2014	
	Continuing operations	Discontinuing operations	Continuing operations	Discontinuing operations
Total assets (excluding goodwill)	78,265.808	–	98,233.834	21,323.000
Total liabilities	72,282.792	–	1,12,939.942	5,306.000

Notes to the consolidated financial statements *(continued)*

27. Discontinuing operations *(contd...)*

The net cash flows attributable to the discontinuing operations are as follows:

₹ Million

	For the period 1 April 2014 to 31 October 2014	For the year ended 31 March 2014
Net cash generated from operating activities	(1,611.891)	1,173.462
Net cash generated from/(used in) investing activities	(520.236)	161.435
Net cash used in financing activities	818.836	(235.630)
Net cash generated from discontinuing operations	**(1,313.291)**	**1,099.267**

28. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹1,734.976 Million (2014: ₹724.360 Million).

(b) Other commitment as on 31 March 2015

(i) Advertising contracts, sales promotion and Trade Mark fee - ₹3,616.568 Million (2014: ₹8,393.593 Million)

(ii) Players and support staff - ₹699.032 Million (2014: ₹681.176 Million)

(c) The amount with respect to contracts not approved by the Shareholders as mentioned in note 26(d) have not been disclosed as commitments.

29. Contingent liabilities

₹ Million

	As at 31 March 2015	As at 31 March 2014
(a) Guarantees given by the Company's bankers for which counter guarantees have been given by the Company.	219.704	259.344
(b) Disputed claims against the Group not acknowledged as debts, currently under appeal/sub judice:		
(i) State Excise demands for excess wastages and distillation losses	1,997.698	222.417
(ii) Central Excise demands under appeal	2.368	6.534
(iii) Service tax demands under appeal	582.984	474.777
(iv) Other miscellaneous claims (Refer note 34(a))	1,198.325	744.376
(v) Income tax demand (including interest) under appeal	2,668.621	2,400.377
(vi) Sales tax demands under appeal in various states	2,095.377	549.198
(vii) Expenses relating to Historical agreements not recognised [Refer note 26(d)]	486.157	–
(c) Bills receivables discounted	295.243	426.307
(d) Claims from suppliers not acknowledged as debts	99.316	110.889
(e) Co-accepted bills of Tie-up units	–	349.832

The Management is hopeful of succeeding in the above appeals / disputes based on legal opinions / legal precedents.

30. Fixed assets

In view of different sets of environment in which foreign subsidiaries operate in their respective countries, provision for depreciation is made to comply with local laws and use of Management estimate. It is practically not possible to align rates of depreciation of such subsidiaries with those of the Company. However on review, the management is of the opinion that provision of such depreciation is adequate.

Accounting policies followed by United Spirits (Great Britain) Limited and its subsidiaries in respect of depreciation on fixed assets are different from accounting policies of the Company as mentioned in Note 1.9. The proportion of the fixed assets in the consolidated financial statement to which different accounting policies have been applied are as below:

₹ Million

	2015		2014	
	Gross block	Proportion (%)	Gross block	Proportion (%)
Building	–	0%	3,738.630	41%
Plant and equipment	227.436	2%	7,337.034	36%
Vehicles	–	0%	31.048	11%

Notes to the consolidated financial statements *(continued)*

31. Foreign currency transactions

a) The Group has marked to market all the outstanding derivative contracts on the consolidated balance sheet date and has recognised the resultant loss amounting to ₹ Nil (2014: ₹573.441 Million) in the consolidated statement of profit and loss.

b) As at 31 March 2015, the Group has the following derivative instruments outstanding:

i) Interest rate swap arrangements in connection with borrowings amounting to GBP Nil (2014: GBP 370.000 Million).

(c) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

₹ Million

Currency	2015		2014	
	Amount in ₹	Amount in foreign currency	Amount in ₹	Amount in foreign currency
Receivables				
US Dollars	562.601	9.002	948.474	15.829
Singapore Dollars	–	–	–	–
Euros	–	–	166.370	2.022
United Arab Emirates Dirhams	–	–	0.358	0.022
Payables				
Canadian Dollars	–	–	22.146	0.410
US Dollars	3.810	0.060	65.552	1.094
Great Britain Pounds	143.660	1.550	49.297	0.495
Singapore Dollars	–	–	2.467	0.052
Euros	0.610	0.010	25.425	0.309

32. Tie-up Manufacturing arrangement:

The Company has entered into arrangements with certain distilleries and bottling units (Tie-up units) for manufacture and marketing of its own brands. The Tie-up units have necessary license and regulatory permits to manufacture beverage alcohol. The arrangements stipulates the obligations of each party and the entire manufacturing activity is carried out under the close supervision of the Company executives. It is the responsibility of the Company to Market its products and ensure adequate finance to the tie-up units for its operations. The risk and reward of the activity lies with the Company. In the circumstances, it is considered appropriate to disclose the following information (Unaudited), as applicable to such activities.

(i) Income from operation through other distilleries/Bottling units reflect the net constitution from the sales made by these Units and is detailed as under:

₹ Million

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Gross sales	23,617.500	18,297.560
Net sales	21,189.704	16,648.540
Cost of sales	16,875.977	11,631.676
Gross profit	4,313.727	5,016.864
Expenses	373.279	402.704
Income	3,940.448	4,614.160

33. During the year, the scheme of arrangement between the Company and Enrica Enterprises Private Limited ("Enrica") and its shareholders and creditors as the case may be in respect of transfer of undertaking of the Company in Tamil Nadu by way of slump sale, on a going concern basis, under Section 391 read with Section 394 of the Companies Act, 1956 (the "Scheme") with an Appointed Date of 1 April 2013 has been sanctioned by the Honourable High Courts of Karnataka and Madras under their orders dated19 February 2015 and 31 July 2014 respectively.

Upon necessary filing with the respective Registrar of Companies, the Scheme has become effective from 30 March 2015 (the 'Effective Date') and the effect of the Scheme has been given in these financial statements of the Company. Consequently,

(i) the entire business and undertaking of the 'Transferred Undertaking' of the Company, including all assets and liabilities, as a going concern, stands transferred into Enrica with effect from 1 April 2013 being the Appointed Date. The book value of net assets of the Transferred Undertaking as at 1 April 2013 amounts to ₹894.200 million.

ii) In consideration thereof, the Company has received a lump sum amount of ₹1,000.000 Million during the year and the balance of ₹250.700 Million has been received subsequent to the balance sheet date.

iii) The Company has recorded a net profit of ₹356.500 Million pursuant to sale of the Transferred Undertaking during the year. The profit has been credited to the Statement of profit and loss and has been disclosed separately under the head "Exceptional items (net)".

Notes to the consolidated financial statements *(continued)*

33. *(contd...)*

Statement of profit and loss ₹ Million

Particulars	For the period from 1 April 2014 till 30 March 2015	For the year ended 31 March 2014
Net sales	5,126.129	4,509.057
Material cost	3,445.863	3,162.020
Gross profit	1,680.266	1,347.037
Other expenses (including Interest and depreciation)	1,482.172	1,264.460
Profit before tax	198.094	82.577

Statement of assets and liabilities transferred to Enrica enterprises limited and accounting treatment in financial statements: ₹ Million

Particulars		1 April 2013
Total assets		2,002.620
Total liabilities		1,108.420
Net assets transferred	(A)	**894.200**
Sale conisderation received	(B)	1,250.700
Net surplus	**(B - A)**	**356.500**

The Company has also entered into a Franchise Agreement with Enrica under which the Company is entitled to royalty payments in consideration for grant of manufacturing, marketing, distribution and sale rights to Enrica in defined territories. From the Appointed Date up to the Effective Date, the royalty payable was a fixed amount per case or the Franchisee's profit (before tax and royalty) in respect of the franchised products, whichever is lower. Subsequent to the Effective Date, royalty at net sales realisation linked slab rate will accrue to the Company as per the Franchise Agreement.

The net amount resulting from the reversal of the profits of the Transferred Undertaking recognised for the year ended 31 March 2014 and the income under the franchise agreements has been adjusted in the balance of surplus in Consolidated statement of profit and loss under the head "Reserves and Surplus". Further, revenue and expenses of the Transferred Undertaking for the Financial Year 2014-15 and its assets and liabilities as at 31 March 2015, have not been considered in the Consolidated financial statements.

All costs and expenses incidental to the finalisation and implementation of the Scheme, including stamp duty charges, meeting expenses, professional fees, consulting fees and any other expenses attributable to the implementation of the Scheme are debited to respective head of 'Expenditure'. An amount of ₹871.333 Million is recoverable from Enrica with respect to the working capital amount from the appointed date to the effective date and the balance consideration receivable by the Company.

34. (a) Prepayment of Credit Facility

During the year ended 31 March 2014, the Company decided to prepay credit facilities availed in the earlier years from a bank amounting to ₹6,216.600 Million, secured by assets of the Company and pledge of shares of the Company held by the USL Benefit Trust. The Company deposited a sum of ₹6,280.000 Million including prepayment penalty of ₹40.000 Million with the bank and instructed the bank to debit the amount from the cash credit account towards settlement of the loan and release the assets / shares pledged by the Company. The bank, however, disputed the prepayment and continues to debit the account towards the instalments and interest as per the loan agreement. The Company has disputed the same and a petition is pending before the Honourable High Court of Karnataka. On 31 March 2015, the bank demanded an amount of ₹474.000 Million towards principal and interest on the said loan. The Company has sought a stay from the Honourable High Court of Karnataka with respect to the aforesaid demand. Pending settlement with the bank, the loan amount and balance available in cash credit account is presented on net basis in the financial results as at 31 March 2015. The tenure of credit facility has been completed as on 31 March 2015.

34. (b) During the year, a bank has declared one of the directors of the Company as a wilful defaulter in respect of another company where he is a promoter director. The Reserve Bank of India's Master Circular on wilful defaulters along with certain covenants in the loan agreements sanctioned by the Company's bankers raise an uncertainty on the impact of this development on the availability of credit facilities to the Company. The said director has assured the Board that he will take appropriate steps to ensure that the operations of the Company are not impacted. Having received such assurance from the said director and appropriate comfort from the controlling shareholder of the Company, the financial results have been prepared on a going concern basis. The Company understands from public records that the above-mentioned decision of the bank declaring the said director as a wilful defaulter has been quashed by an order of the Calcutta High Court on 24 December 2014.

Notes to the consolidated financial statements *(continued)*

35. Provision for doubtful receivable, advances and deposits

During the previous financial year, the Board had directed a detailed and expeditious inquiry in relation to certain matters referred in paragraphs 35 (a) to 35 (c) below, the role of individuals involved and potential non-compliance (if any) with the provisions of the Companies Act, 1956, and other regulations applicable to the Company in relation to such transactions, and the possible existence of any other transaction of a similar nature (the "Inquiry"). Pursuant to the directions of the Board, the Inquiry was headed by the Managing Director and Chief Executive Officer ("MD & CEO") of the Company. The Board also directed the MD & CEO to engage independent advisers and specialists as required. At its meeting held on 25 April 2015, the Board discussed and considered in detail the report ("Inquiry Report") submitted by the MD & CEO in relation to the Inquiry, the inputs and expert advice of the independent advisers and specialists and other relevant inputs.

35. (a) During the financial year ended 31 March 2014, certain parties who had previously given undisputed balance confirmations for the financial year ended 31 March 2013, claimed in their balance confirmations to the Company for the financial year ended 31 March 2014 that they had advanced certain amounts to certain alleged UB Group entities and that the dues owed by such parties to the Company would, to the extent of the amounts owing by such alleged UB Group entities to such parties in respect of such advances, be paid / refunded by such parties to the Company only upon receipt of their dues from such alleged UB Group entities. These dues of such parties to the Company were on account of advances by the Company in the earlier years under agreements for enhancing capacity, obtaining exclusivity and lease deposits in relation to Tie-up Manufacturing Units ("TMUs"); agreements for specific projects; or dues owing to the Company from customers. In response to these claims, under the instruction of the Board, a preliminary internal inquiry was initiated by the Management. Based on the findings of the preliminary internal inquiry by the Management, the Management's assessment of recoverability and other considerations, as a matter of prudence, an aggregate amount of ₹6,495.480 Million (including interest claimed) was provided in the financial statements for the financial year ended 31 March 2014 and was disclosed as a prior period item. Management has sought confirmations of balances from these counterparties for the year ended 31 March 2015 but have not received responses from some of them.

The Inquiry Report stated that between 2010 and 2013, funds involved in many of these transactions were diverted from the Company and/or its subsidiaries to certain UB Group companies, including in particular, Kingfisher Airlines Limited ("KFA"). The diverted amounts were included in the provision made by the Company in the financial statements for the previous financial year. The Inquiry also indicated that the manner in which certain transactions were conducted, prima facie, indicates various improprieties and potential violations of provisions, inter alia, of the Companies Act, 1956, and the listing agreement signed by the Company with various stock exchanges in India on which its securities are listed. The financial impact of these non-compliances on the Company were estimated by Management to be not material.

During the year ended 31 March 2015, an additional provision of ₹216.000 Million was made for interest claimed. The Management has determined that in light of these provisions, no additional material adjustments to the financial statements are required on this account.

In connection with the recovery of the funds that were diverted from the Company and/or its subsidiaries, pursuant to the decision of the Board at its meeting held on 25 April 2015, the Company is in the process of initiating steps for recovery against the relevant parties, so as to seek to expeditiously recover the Company's dues from such parties, to the extent possible.

35. (b) Certain pre-existing loans / deposits / advances were due to the Company and its wholly-owned subsidiaries from United Breweries (Holdings) Limited ("UBHL") and were in existence as on 31 March 2013. Such dues (together with interest) aggregating ₹13,374.167 Millions, were consolidated into, and recorded as, an unsecured loan by way of an agreement entered into between the Company and UBHL on 3 July 2013. In addition, the amounts owed by UBHL to the Company's wholly-owned subsidiaries had been assigned by such subsidiaries to the Company and recorded as loans from such subsidiaries in the books of the Company. The interest rate under the above mentioned loan agreement with UBHL is 9.5% p.a., with the interest to be paid at six-monthly intervals starting at the end of 18 months from the effective date of the loan agreement. The loan has been granted for a period of eight years and is payable in three annual instalments commencing from the end of 6th anniversary of the effective date of the loan agreement.

Certain lenders have filed petitions for winding up against UBHL. UBHL has provided guarantees to lenders and other vendors of Kingfisher Airlines Limited (KFA), a UB Group entity. Most of these guarantees have been invoked and are being challenged in Courts. The Company has also filed its affidavit opposing the aforesaid winding up petitions and the matter is sub-judice.

Pursuant to the directions of the Board, the Inquiry also included a review of documentation to further understand and assess elements of and background to the above loan arrangement and to establish the rationale / basis for the interest rate applicable in respect of the consolidated loan amount.

With regard to the prior transactions that were consolidated into the single loan on 3 July 2013, the Inquiry Report stated that, prima facie, between 2010 and July 2013, certain transactions appear to have been undertaken and certain accounting entries appear to have been made to show a lower exposure of the Company (and its subsidiaries) to UBHL than the exposure that actually existed at that time. Prima facie, this indicates various improprieties and potential violations of provisions, inter alia, of the Companies Act, 1956, and the listing agreement signed by the Company with various stock exchanges in India on which its securities are listed. The Company is in the process of evaluating its rights and remedies in relation to such violations. The financial impact of these non-compliances on the Company were estimated by Management to be not material.

35. Provision for doubtful receivable, advances and deposits *(contd...)*

During the previous year, as a matter of prudence, the Company had not recognised interest income of ₹963.069 Million and had provided ₹3,303.186 Million towards the principal outstanding as at 31 March 2014. The notes to accounts for the previous year had recorded the Management's belief that it should be able to recover, and that no further provision is required for the balance amount of ₹9,954.597 Million. The said notes also mentioned that the Management would continue to assess the recoverability of the said loan on an on-going basis.

As per the terms of the said loan agreement, an amount of ₹1,911.000 Million (gross of tax) was payable by UBHL to the Company towards the interest payable as of January 2015 under the loan agreement. However, the Company is yet to receive such interest payment from UBHL. The Company has received a letter from UBHL stating that it is involved in litigations with various creditors of KFA in different courts all over the country, and that some of the winding up petitions filed against UBHL have been admitted by the High Court of Karnataka.

As a result of the above and other relevant factors, as a matter of prudence, the Company has provided a further amount of ₹9,954.597 Million towards the entire balance principal amount (i.e., the entire principal amount due under the loan agreement less the amount already provided in the accounts for the financial year ended 31 March 2014) and has not recognised interest income of ₹1,207.545 Million. The Company will pursue all rights and claims to recover the entire amount of the loan together with accrued interest from UBHL.

Also refer Note 26 (d) in connection with the non-approval by the shareholders of the Company of the loan agreement with UBHL (and of other potential related party transactions).

35. (c) In May 2014, the Company received a letter on behalf of a third-party claimant alleging that the Company had signed agreements creating a lien on certain assets held by the Company, to secure loans provided by the third party claimant to Kingfisher Airlines Limited. The Company disputed this and the claim was subsequently withdrawn by the third party. Pursuant to the directions of the Board, the Inquiry included a review of documentation to further understand and assess the Company's position in relation to the above matter. The Inquiry indicated that no Board authorisation or approval had been obtained to authorize anyone to execute any such agreement to create a lien on the investments of the Company to secure the rights of the third party claimant. No claims were received from the claimant or any other person during the year. Based on the Inquiry and its current knowledge, Management does not expect any liability or obligation to arise from this matter.

35. (d) In relation to the Company's funds that were diverted from the Company, the Board of Directors at their meeting held on 25 April 2015, unanimously agreed to pursue all rights and claims against the relevant parties mentioned in the Inquiry Report to expeditiously recover the Company's dues from such parties, to the extent possible.

35. (e) With regard to the possible existence of any other transaction of a similar nature, the Inquiry identified references to certain additional parties ("Additional Parties") in various documents, which also dealt with transactions involving the counterparties referred to in the notes to the Company's audited financial statements for the previous financial year. The Inquiry also identified certain additional matters ("Additional Matters") where the documents identified raised concerns as to the propriety of the underlying transactions. The Management has made the following provisions with respect to such transactions: (a) ₹1,123.566 Million made in the Company's consolidated financial statements for the financial year ended 31 March 2015, (b) ₹1,244.140 Million made in the previous year in the Company's financial statements. The Management believes these provisions are adequate and no additional material adjustments are likely to be required in relation thereto.

The Board also believes that it is necessary to assess whether the Additional Matters or the transactions with the Additional Parties were improper. The Board has therefore directed the CEO & MD to expeditiously review the Additional Matters and transactions with the Additional Parties during the period covered by the Inquiry and report to the Board his conclusions on the transactions and any further impact on the Company's financial statements.

36. The following letters / notices were received by the Company subsequent to the Balance sheet date with respect to the matters under Inquiry.

i) The Company has received a notice from the Ministry of Corporate Affairs for an inspection, under Section 206(5) of the Act, of the books of accounts and other books and papers of the Company. A notice under Section 131 of the Income Tax Act, 1961 has also been received. The Company is cooperating fully with the authorities in relation to the same.

ii) The Company has also received letters from erstwhile auditors who served as the Company's statutory auditors during the period covered by the Inquiry, seeking to understand the impact of the findings of the Inquiry on their respective audit reports. Any remedial actions proposed by the previous auditors will be considered by the Company in the light of applicable legal provisions.

iii) As directed by the Board, the Company provided a copy of the Inquiry Report to its statutory auditors for their review and further actions as may be required. Following this, the Audit Committee of the Board has received from the statutory auditors a report under Section 143(12) of the Act and the relevant rules thereunder, seeking the Audit Committee's reply / observations. The Audit Committee is in the process of providing its reply / observations to the statutory auditors.

iv) The Company has also received a letter from the National Stock Exchange Limited ("NSE") pursuant to SEBI circular no. CIR/CFD/DIL/7/2012 dated 3 August 2012 in relation to Form B along with audited financial statements for the financial year ended 31 March 2014. SEBI has directed the NSE to advise the Company to suitably rectify the qualifications raised by the statutory auditors, which the Company has suitably addressed to the extent possible.

Notes to the consolidated financial statements *(continued)*

37. The accounts of certain banks, secured loans, trade receivables, trade payables, other current liabilities and loans and advances in the books of certain subsidiaries are subject to formal confirmations/reconciliation and consequent adjustments if any. The Management does not expect any material difference affecting the current period's consolidated financial statements on such reconciliations/adjustments.

38. Appointment of Finance Head

Subsequent to the Balance sheet date, Board of directors of the Company at its meeting held on 25 April 2015 have appointed Mr. Vinod Rao as Head of finance of the Company.

39. Royal Challengers Sports Private Limited (RCSPL) and its the then three Directors have received a show cause notice from the RBI Enforcement Directorate regarding the 2009 IPL tournament that was held in South Africa. The notice wrongly alleges that in relation to the 2009 IPL tournament held in South Africa, RCSPL made per diem payments to players in South Africa in foreign exchange and thereby contravened sections 3(a) and 4 of the Foreign Exchange Management Act, 1999. The notice calls on RCSPL to show cause as to why adjudication proceedings should not be initiated against RCSPL and its named Directors in this regard. RCSPL is informed that similar notices have been sent to the other IPL franchisees.

    RCSPL has responded to the notice informing the RBI that the allegations in the notice are entirely false and that accordingly no adjudication proceedings should be initiated against RCSPL or any individuals in this regard. No adjustment has been made to the consolidated financial statements with respect to this. Management does not expect any liability or obligation to arise from this matter, and accordingly no adjustments have been made to consolidated financial statements.

40. At an extraordinary general meeting of the shareholders of the Company on 28 November 2014, the shareholders approved the reporting of erosion of more than fifty per cent of the Company's peak net worth in the immediately preceding four financial years as required under Section 23(1)(a)(ii) read with Section 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"). The Company has reported the fact of such erosion to the BIFR as required under Section 23(1)(a)(i) of SICA vide letter dated 29 November 2014.

41. In accordance with Accounting Standard 29 - "Provisions, Contingent Liabilities and Contingent Assets",prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, certain classes of liabilities have been identified as provisions which have been disclosed as under:

₹ Million

Description	As at 1 April 2014	Additions	Utilisation	As at 31 March 2015
Sales and other taxes*	418.354	973.314	–	1,391.668

₹ Million

	As at 1 April 2013	Additions	Utilisation	As at 31 March 2014
Sales and other taxes*	418.354	–	–	418.354

*represents estimates made for probable cash outflow arising out of pending disputes / litigations with various regulatory authorities.

42. Corporate social responsibility:

Since average net profits of the Company made during the three immediately preceding financial years is negative, therefore the Company has not earmarked specific funding for Corporate Social Responsibility and sustainable activities as required under the provision of section 135 of the Act.

43. The Managerial remuneration for the financial year ended 31 March 2015 aggregating ₹64.907 Million and ₹153.092 Million towards remuneration of the MD & CEO and the Executive Director and Chief Financial Officer ("ED & CFO") respectively was approved by the shareholders of the Company at the annual general meeting of the Company held on 30 September 2014. The aforesaid remuneration includes amounts paid in excess of the limits prescribed under the provisions of Schedule V to the Act. Accordingly, the Company is in the process of obtaining the requisite approval from the Central Government for such excess remuneration.

Notes to the consolidated financial statements *(continued)*

44. Regroupings

Previous year's figures have been regrouped / reclassified as per the current year's presentation for the purpose of comparability. The following significant regrouping / reclassifications of the previous year figures have been made

Particulars	Previous year grouping	Current year grouping	₹ in Million
In consolidated balance sheet	Other current liabilities - Other liabilities	Short term provisions - Provisions for sales and other taxes	161.776
In consolidated balance sheet	Other current liabilities - Statutory dues	Short term provisions - Provisions for sales and other taxes	112.612
In consolidated balance sheet	Trade payable - Trade creditors	Short term provisions - Provisions for sales and other taxes	143.966

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership Number:104315

Place: Mumbai
Date: 27 May 2015

for and on behalf of the Board of Directors

Nicholas Bodo Blazquez
Vice Chairman

Anand Kripalu
Managing Director & CEO

Vinod Rao
Head of Finance

Mahendra Kumar Sharma
Director

V. Ramachandran
Company Secretary

Place: Mumbai
Date: 27 May 2015

Awards and Recognition

WORLD SPIRITS AWARDS 2014

GOLD

- White Mischief Ultrapure Vodka

MONDE SELECTION 2014

GOLD

- Black Dog Deluxe Gold Reserve 12 Years
- Black Dog Centenary Black Reserve

CONCOURS MONDIAL 2014

GOLD

- Black Dog Deluxe Gold Reserve 12 Years

SILVER

- Black Dog Centenary Black Reserve

IWSC 2014

SILVER

- Black Dog Deluxe Gold Reserve 2 Years
- Black Dog Centenary Black Reserve

INTERNATIONAL SPIRITS CHALLENGE 2014

SILVER

- McDowell's No.1 Platinum 100% Premum Grain Whisky

BRONZE

- Louis Vernant XO Blended Premium Brandy

9 BRAND AWARDS AT INDSPIRIT, 2015

GOLD

- Johnnie Walker Double Black - Product of the Year (Blended Scotch – BIO, < 5 Years)
- Vat 69 - Product of the Year (Blended Scotch, BII, > 5 Years)
- Signature Rare Aged Whisky - Premium Product of the Year (IMFL Premium Plus)
- Royal Challenge - Premium Product of the Year (IMFL)
- Capt Morgan – Premium Product of the Year (Dark Rum)
- Director's Special – Popular Product of the year (IMFL)

SILVER

- Johnnie Walker Red Label - Product of the Year (Blended Scotch – BIO, > 5 Years)
- Black Dog TGR – Product of the Year (Blended Scotch – BII < 5 Years)
- Antiquity Blue - Premium Product of the Year (IMFL Premium Plus)

INTERNATIONAL SPIRIT CHALLENGE, UK

SILVER

- Bagpiper Deluxe Whisky
- McDowell's No.1 Reserve Whisky
- Old Tavern Whisky

BRONZE

- Director's Special Whisky

ITQI SUPERIOR TASTE AWARDS, BRUSSELS

3 GOLDEN STAR

- Signature Rare Aged Whisky
- Antiquity Blue Ultra Premium Whisky
- Royal Challenge Finest Premium Whisky

1 GOLDEN STAR

- Bagpiper Deluxe Whisky

2 GOLDEN STAR

- McDowell's No.1 Platinum 100% Premium Grain Luxury Whisky
- McDowell's No.1 Reserve Whisky
- Director Special Black Deluxe Whisky
- Director Special Whisky

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UNITED SPIRITS

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FORM B

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges

1.	Name of the Company	United Spirits Limited
2.	Annual financial statements for the year ended	31 March 2015
3.	Type of audit qualification	Qualified opinion per audit report dated 27 May 2015.
4.	Other audit observations	Matter of Emphasis (EOM) per audit report dated 27 May 2015.
5.	Frequency of qualification	Observations stated in the audit report dated 27 May 2015 on the standalone and consolidated financial statements of the Company have been reported for the first time for the year ended 31 March 2015.

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6.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Please see: **Annexure I** – Basis of Qualified Opinion and qualifications in annexure to the auditor's report (CARO), on standalone financial statements along with Directors' responses.
7.	Additional comments from the Board/Audit Committee chair:	**Annexure II** – EOM to the auditor's report on standalone financial statements. **Annexure III** – Basis of Qualified Opinion to the auditor's report on consolidated financial statements along with Directors' response. **Annexure IV** – EOM to the auditor's report on consolidated financial statements.

for **B S R & Co. LLP.**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sunil Gaggar
Partner
Membership No.: 104315

Place : BANGALORE
Date : 24 NOVEMBER 2015

for **United Spirits Limited**

Anand Kripalu
Managing Director &
Chief Executive Officer
Place: BANGALORE
Date: 24/11/15

Vinod Rao
Head of Finance
Place: BANGALORE
Date: 24/11/15

Mahendra Kumar Sharma
Audit Committee Chairman
Place: BANGALORE
Date: 24/11/15

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Annexure I

The Statutory Auditors have qualified their opinion in the independent audit report in relation to the matters specified in Notes 26(a), 26(e), 24(d) and 45 to the standalone financial statements as follows:

1. **Auditor's observations under paragraph 1 'Basis of Qualified Opinion' of the Auditor's report to the standalone financial statements**:

As stated in Notes 26(a) and 26(e) to the financial statements, during the year ended 31 March 2014, certain parties who had previously given the required undisputed balance confirmations for the year ended 31 March 2013, claimed in their balance confirmations to the Company for the year ended 31 March 2014 that they had advanced certain amounts to certain alleged UB Group entities and that the dues owed by such parties to the Company would, to the extent of the amounts owing by such alleged UB Group entities to such parties in respect of such advances, be paid / refunded by such parties to the Company only upon receipt of their dues from such alleged UB Group entities. These dues of such parties to the Company were on account of advances by the Company in the earlier years under agreements for enhancing capacity, obtaining exclusivity and lease deposits in relation to Tie-up Manufacturing Units ("TMUs"); agreements for specific projects; or dues owing to the Company from customers. In response to these claims, under the instruction of the Board of Directors of the Company ("Board"), a preliminary internal inquiry was initiated by the Management. Based on the findings of the preliminary internal inquiry by the Management, under the instructions of the Board; and Management's assessment of recoverability, an aggregate amount of Rs.6,495.5 million (including interest claimed) was provided in the financial statements for the financial year ended 31 March 2014 and was disclosed as prior period items. During the year ended 31 March 2015, an additional provision of Rs.216 million was made for interest claimed during the year. The Company has not made provision for any unclaimed interest on these amounts.

During the year ended 31 March 2014, the Board had also directed a further detailed and expeditious inquiry in relation to the above matter, the role of individuals involved and potential non-compliance (if any) with the provisions of the Companies Act, 1956 and other regulations applicable to the Company in relation to such transactions, and the possible existence of any other transaction of a similar nature ("Inquiry"). While the Inquiry has since been completed, with regard to the possible existence of any other transaction of a similar nature, the Inquiry identified references to certain additional parties ("Additional Parties") in various documents, which documents dealt with transactions involving the counterparties referred to above. The Inquiry also identified certain additional matters ("Additional Matters") where the documents identified concerns as to the propriety of the underlying transactions.

Based on its current knowledge, the Management believes that the provisions made with respect to the above matters are adequate and no additional material adjustments are likely to be required in relation thereto. The Board has directed the Management to expeditiously review the Additional Matters and transactions with the Additional Parties and report to the Board on Management's conclusions on the transactions and any further impact on the Company's financial statements. Pending such review of the Additional Matters and transactions with Additional Parties, we are unable to comment on the nature of these transactions; the provisions established; or any further impact on the financial statements including the impact on the opening balances for the year. Further, pending resolution of the above disputes, we are unable to comment on whether the provision established for interest is appropriate

Board Response: Detailed information and explanation on the qualification in paragraph 1 of the audit report are provided in Notes 26(a) and 26(e) to the financial statements. In particular, as stated in Note 26(a) an aggregate amount of Rs.649.55 Crores (including interest claimed)

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was provided in the financial statements for the financial year ended 31 March 2014 and was disclosed as a prior period item. During the year ended 31 March 2015, an additional provision of Rs.21.60 Crores was made for interest claimed. The Management has determined that in light of these provisions, no additional material adjustments to the financial statements are required in respect of the dues owing to the Company from such parties. In connection with the recovery of the above funds, pursuant to the decision of the Board at its meeting held on 25 April 2015, the Company is in the process of initiating steps for recovery against the relevant parties, so as to seek to expeditiously recover the Company's dues from such parties, to the extent possible.

In relation to the transactions with the Additional Parties and the Additional Matters referred to above, as stated in Note 26(e) to the financial statements, Management has made the following provisions with respect to such transactions:
(a) Rs.67.81 Crores made in the Company's financial statements for the financial year ended 31 March 2015,
(b) Rs.44.54 Crores made in the Company's subsidiaries' financial statements for the financial year ended 31 March 2015,
(c) Rs.15.70 Crores made in the previous year in the Company's financial statements, and
(d) Rs.108.71 Crores made in the previous year in the Company's consolidated financial statements.
The Management believes these provisions are adequate and no additional material adjustments are likely to be required in relation thereto. The Board has directed the Managing Director and Chief Executive Officer (MD & CEO) to expeditiously further review the Additional Matters and transactions with the Additional Parties during the period covered by the Inquiry and report to the Board his conclusions on the transactions and any further impact on the Company's financial statements.

2. **Auditor's observations under paragraph 2 'Basis of Qualified Opinion' of the Auditor's report to the standalone financial statements**:

As stated in Note 24(d) to the financial statements, as per the requirements of the equity listing agreements entered into by the Company with various stock exchanges in India and various circulars and regulations issued by the Securities and Exchange Board of India ("SEBI") and applicable provisions of the Act, the Company sought approval of its equity shareholders for certain agreements in the extraordinary general meeting ("EGM") held on 28 November 2014. Some of the agreements, as detailed in the aforesaid note, were not approved by the equity shareholders in the aforesaid EGM. The Company has sought clarification/direction from SEBI with respect to the implications arising from the non-approval of the said agreements. Pending the clarification/direction from the SEBI, during the year ended 31 March 2015, the Company has recognised the underlying expenses pursuant to these agreements up to 28 November 2014 aggregating Rs.1,357 million. The Company has not recognised charges arising out of non-approved agreements aggregating Rs. 486 million for the period from 29 November 2014 to 31 March 2015 and has disclosed the same as contingent liability. Further, subsequent to 28 November 2014, in response to the letters received by the Company from some of the concerned counterparties, the Company has made payments amounting to Rs.74 million to such counterparties with respect to the dues for services received prior to 28 November 2014 specifically stating that the said amounts would be refundable to the Company if it is determined that such amounts were not payable by the Company in view of the shareholders not having approved the respective agreements. Pending the resolution of this matter, we are unable to comment on the accounting treatment of the expenses under the agreement, balance due to/from the respective counterparties and any other implications resulting from such non-approval.

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Board response: Detailed information and explanation on the qualification in paragraph 2 of the audit report is provided in Note 24(d) to the financial statements. Pending the clarification/ direction from SEBI, the Company has recognized the charges up to 28 November 2014, in respect of the agreements listed in (c) to (g) and (i) specified in Note 24(d) above, amounting to Rs.135.73 Crores during the financial year ended 31 March 2015 (Rs.138.22 Crores for the financial year ended 31 March 2014). In light of the fact that the Company's shareholders have not approved the said agreements on 28 November 2014, the Company has not recognized the charges amounting to Rs.48.62 Crores from 29 November 2014 to 31 March 2015 payable under the agreements listed in (c) to (g) and (i) specified in Note 24(d) above. The Company has informed the respective counterparties that the contracts mentioned above have not been approved by the shareholders. Further, subsequent to 28 November 2014, in response to the letters received by the Company from the concerned counterparties, the Company has made payments amounting to Rs.7.43 Crores to some of these counterparties with respect to the dues for services received prior to 28 November 2014, specifically stating that the said amounts would be refundable to the Company if it is determined that such amounts were not payable by the Company in view of the shareholders not having approved the respective agreements. Pending the clarifications/ directions from SEBI, the Company has not made any payments to the respective counterparties under the agreements in (c) to (g) and (i) specified in Note 24(d) above for the period subsequent to 28 November 2014 and has considered these amounts as contingent liabilities. Also see Note 26(b) of the financial statements in relation to the loan agreement listed in (a) of Note 24(d). Pending any clarifications/ directions from SEBI, the Company is unable to determine whether there could be any impact on the financial statements.

3. **Auditor's observations under paragraph 3 'Basis of Qualified Opinion' of the Auditor's report to the standalone financial statements**:

As stated in note 45 to the financial statements, the Managerial remuneration for the year ended 31 March 2015 aggregated Rs 65 million and Rs 153 million towards remuneration of the Managing Director and Chief executive Officer (MD & CEO) and the Executive Director and Chief Financial Officer (ED & CFO) respectively. The aforesaid amounts includes remuneration in excess of the limits prescribed under the provisions of Schedule V to the Act. The Company is in the process of obtaining the requisite approval from the Central Government for such excess remuneration. In the absence of the required approval, we are unable to assess the impact of such excess remuneration on the financial statements of the Company.

Board response: Information and explanation on the qualification in paragraph 3 of the audit report is provided in Note 45 to the financial statements. In particular, as stated in Note 45, the Company is in the process of obtaining the requisite approval from the Central Government for such excess remuneration. Pending such approval, the Company is unable to determine whether there could be any impact on the financial statements.

4. **Auditor's observations under paragraphs (iii), (iii) (a) and (iii)(b) of the Annexure to the Auditor's Report to the standalone financial statements:**

According to the information and explanation given to us, the Company has granted loans to eleven companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ("the Act"). These loans include loan to United Breweries (Holdings) Limited ("UBHL") by way of conversion of certain pre-existing loans/ advances/ deposits due to the Company and its subsidiaries (refer Paragraph 1 under 'Emphasis of Matter').

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Further, as stated in Note 26, the Board had directed a detailed and expeditious inquiry in relation to certain transactions identified during the year ended 31 March 2014. The Inquiry stated that between 2010 and 2013, funds involved in many of these transactions were diverted from the Company and/ or its subsidiaries to certain UB Group companies, including in particular, Kingfisher Airlines Limited ("KFA"), which is a party covered in the register maintained under Section 189 of the Act.

Additionally, pending the completion of the review of the Additional Matters and transactions with Additional Parties identified through the Inquiry as disclosed in Paragraph 1 under 'Basis for Qualified Opinion', we are unable to comment whether any such arrangements represent transactions with anybody corporate covered in the register maintained under Section 189 of the Act.

(a) As stated in Paragraph 2 under 'Basis for Qualified Opinion', in the case of the loan granted to UBHL, a company covered in the Register maintained under Section 189 of the Act, the loan agreement was not approved by the Equity Shareholders in the Extraordinary General Meeting held on 28 November 2014. We have been informed by the Management that, the Company has sought clarification/ direction from the SEBI with respect to the implications arising from the non-approval of the said agreement. The Company is evaluating steps for recovery of the loan. Further, as stated in Paragraph 1 under 'Emphasis of Matter', the Company has not received the first instalment of interest amounting to Rs.1,911 million (gross of tax) with respect to the loan. No interest has been received on this loan to date. The loan has been fully provided for in the financial statements.

    With respect to loans given to other companies, firms or other parties covered in the Register maintained under Section 189 of the Act, the principal and interest are repayable either on demand or the repayment terms are not stipulated. According to the information and explanation given to us, we understand that no amounts were demanded by the Company during the year.

(b) According to information and explanation provided to us, the Company is evaluating the required steps for the recovery of the principal and interest due in respect of the loan granted to UBHL. Further, as stated in Note 26(a), the Company is also in the process of initiating recovery proceedings with respect to the funds that may have been diverted from the Company and/ or its subsidiaries to certain UB Group companies.

Board response: Information and explanation on the qualification in paragraph (iii) of the Annexure to the audit report is provided in Notes 24(d), 26(a), 26(b) and 26(e) to the financial statements.
In particular, Note 24(d) provides information in connection with the non-approval by the shareholders of the Company of the loan agreement with UBHL (and of other potential related party transactions).

Furthermore, as stated in Note 26(b), the Inquiry report stated that prima facie, between 2010 and July 2013, certain transactions appear to have been undertaken and certain accounting entries appear to have been made to show a lower exposure of the Company (and its subsidiaries) to UBHL than the exposure that actually existed at that time.
Prima facie, this indicates various improprieties and potential violations of provisions, inter alia, of the Companies Act, 1956, and the listing agreement signed by the Company with various stock exchanges in India on which its securities are listed (Listing Agreement). The Company is in the process of evaluating its rights and remedies in relation to such violations.

In addition, as stated in Note 26(b), during the previous year, as a matter of prudence, the Company had not recognized interest income of Rs.96.31 Crores and had provided Rs.330.32

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Crores towards the principal outstanding as at 31 March 2014. The notes to accounts for the previous year had recorded the Management's belief that it should be able to recover, and that no further provision is required for the balance amount of Rs.995.46 Crores. The said notes also mentioned that the Management would continue to assess the recoverability of the said loan on an on-going basis. As per the terms of the said loan agreement, an amount of Rs.191.10 Crores (gross of tax) was payable by UBHL to the Company towards the interest payable as of January 2015 under the loan agreement. However, the Company is yet to receive such interest payment from UBHL. The Company received a letter from UBHL stating that it is involved in litigations with various creditors of KFA in different courts all over the country, and that some of the winding up petitions filed against UBHL have been admitted by the High Court of Karnataka. As a result of the above and other relevant factors, as a matter of prudence, the Company has provided a further amount of Rs.995.46 Crores towards the entire balance principal amount (i.e., the entire principal amount due under the loan agreement less the amount already provided in the accounts for the financial year ended 31 March 2014) and has not recognized interest income of Rs.120.70 Crores.

As stated in Notes 26(a) and 26(b), the Company is in the process of pursuing its rights and claims to recover the entire amount of the loan together with accrued interest from UBHL and the other counterparties referred to in the said Notes to the financial statements.

With regard to the Additional Matters and transactions with Additional Parties, as stated in Note 26(e), the Board has directed the MD & CEO to expeditiously further review the Additional Matters and transactions with the Additional Parties during the period covered by the Inquiry and report to the Board his conclusions on the transactions and any further impact on the Company's financial statements.

5. **Auditor's observations under paragraph (viii) of the Annexure to the Auditor's Report to the standalone financial statements:**

The accumulated losses of the Company at the end of the year are not less than fifty per cent of its net worth. The Company has incurred cash losses in the current and previous financial year.

Board's response: The Board notes that the accumulated losses of the Company at the end of the year is 86.3% of its peak net worth in the previous four financial years. Therefore, the Company will be required to file a report under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The Board believes this report under section 23 would arise as technical requirement under SICA and does not reflect upon the long term prospects of the Company given the profitable nature of its business and as the accumulated losses are principally on account of exceptional items.

6. **Auditor's observations under paragraph (ix) of the Annexure to the Auditor's Report to the standalone financial statements:**

In our opinion and according to the information given to us, the Company has not defaulted in the repayment of dues to a bank or to any financial institution except that in case of loans due to banks, principal amounting to Rs.25.78 million and interest aggregating Rs.69.24 million were repaid with a delay of up to 1 day and 5 days, respectively. The Company did not have any outstanding debentures during the year.

Board's response: The Management has informed the Board that as of 31 March 2015, there were no outstanding defaults by the Company of any dues to a bank or financial institution. As stated in note 25(a) to the financial statements for the year ended 31 March 2015, the Company has disputed a demand made by a bank.

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7. Auditor's observations under paragraphs (xi), (xii)(a), (xii)(b) and (xii)(c) of the Annexure to the Auditor's Report to the standalone financial statements:

(xi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company and applied during the year were for the purpose for which they were raised.

The Inquiry referred to in Paragraph 1 of the 'Basis for Qualified Opinion' and Paragraph 1 of the 'Emphasis of Matter', stated that certain funds were diverted to other UB Group entities in earlier years. Such diversions may indicate application of term loans for purposes other than for which they were raised.

(xii)(a) As stated in Note 26 and Paragraph 1 of the Basis for Qualified Opinion, the Board had directed a detailed and expeditious inquiry in relation to certain transactions identified during the year ended 31 March 2014. The Inquiry stated that between 2010 and 2013, funds involved in many of these transactions were diverted from the Company and/or its subsidiaries to certain UB Group companies. The Inquiry Report also indicated that the manner in which certain transactions were conducted, prima facie, indicates various improprieties and legal violations.

(xii)(b) As stated in Note 26(b), with regard to the prior transactions that were consolidated into the single loan due from UBHL on 3 July 2013, the Inquiry stated that, prima facie, between 2010 and July 2013, certain transactions appear to have been undertaken and certain accounting entries appear to have been made to show a lower exposure of the Company to UBHL than that which actually existed at that time. The inquiry also indicates that the manner in which these transactions were conducted and these entries made, prima facie, indicates various improprieties and legal violations.

(xii)(c) As discussed in Note 26(c), the Inquiry indicated that an agreement signed with an Alleged Claimant for a lien on certain investments of the Company, to secure an advance by the Alleged Claimant to KFA, was entered into without appropriate Board authorisation or approval.
We have submitted a report under Section 143(12) of the Companies Act, 2013 and the relevant rules thereunder, seeking the Audit Committee's reply/observations to the matters listed in (a) to (c) above. As at the date of this report, we are awaiting a reply/observations from the Audit Committee.
Additionally, pending the completion of the review of the Additional Matters and transactions with Additional Parties identified through the Inquiry as disclosed in Paragraph 1 under 'Basis for Qualified Opinion', we are unable to comment whether any arrangements covered by such review can be terms as 'fraud' and whether there are other instances of a similar nature.

Board's response: See responses to paragraph 1 of the Auditor's Report to the financial statements and to paragraphs (iii), (iii)(a) and (iii)(b) of the Annexure to the said Auditor's Report. Subsequent to the balance sheet date, and as indicated in Note 30 to the financial statements, the Board's Audit Committee has provided its reply and observations to the auditor's report under section 143(12) of the Companies Act, 2013 (Act) and the relevant rules thereunder. The said reply and observations to the Auditors include the following observations. (i) The Board is not in a position to make (and has not made) any final determinations with regard to the roles of any individuals involved. The Board has therefore directed that the Company report such transactions to the authorities as required under applicable law. Accordingly, the Company has duly reported the transactions and associated facts to the relevant authorities, and has also responded / is in the process of responding, as the case may be, to requests for clarifications on the Inquiry that have been sought by the Regional

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Director of the Ministry of Corporate Affairs, the Income-Tax Department and the stock exchanges.

(ii) In addition, as noted above, pursuant to the Board's directions, a copy of the MD & CEO's Inquiry report, including the inputs and expert advice of the independent advisers and specialists, as well as the communications received from a concerned director have been provided to the Company's auditors.

(iii) In connection with the recovery of funds that appear to have been diverted from the Company, the Board passed a resolution that the Company should take the necessary steps to pursue all rights and claims against, and expeditiously recover its dues from, the relevant parties, to the extent possible. The Board has also authorized the MD & CEO to temper these actions, if considered appropriate, bearing in mind imperatives of business continuity with vendors/ distributors. The Company has initiated discussions to assist with such recovery and the Board is being updated on this matter.

(iv) In light of the above, and without making any determination as to fault or culpability, at their meeting on 25 April 2015, the directors noted that they had lost confidence in Dr Vijay Mallya continuing in his role as a director and as chairman and therefore, the Board called upon Dr Mallya to resign forthwith as a director and as the chairman of the Board and step down from his positions in the Company's subsidiaries. In the event Dr Mallya declines to step down, the Board also resolved that it would recommend to the shareholders of the Company, the removal of Dr Mallya as a director and as the chairman of the Board.

(v) As previously announced by the Company's majority shareholder, Relay B V., an indirect wholly owned subsidiary of Diageo plc (Diageo), following the reappointment of Dr Mallya at the Company's annual general meeting on 30 September 2014, Diageo has contractual obligations to support Dr Mallya continuing as non-executive director and chairman of the Company, subject to certain conditions. Therefore, in the event Dr Mallya declines to step down, the Board resolved to request Diageo to expeditiously review the position in relation to its contractual obligations and authorised sharing with Diageo a copy of the Inquiry report and all the materials relating to the Company's Inquiry. As Dr Mallya has not heeded the Board's request to step down as director and Chairman, the Board has requested Diageo to expeditiously review the position in relation to its contractual obligations and the Company has provided Diageo a copy of the Inquiry report and the materials relating to the Company's Inquiry as directed by the Board.

(vi) In respect of the other employees of the Company who appear to have been involved in certain transactions covered by the Inquiry, the Board directed the company's MD & CEO to initiate necessary internal proceedings in accordance with the applicable rules and policies of the Company. The Company has made significant progress with these internal proceedings and the Board is being updated on these proceedings regularly.

(vii) The Board, at its meeting on 25 April 2015, noted that the control systems of the Company have been strengthened after July 2013. In addition, the Board directed the Company's management to continue with the development and strengthening of the robust controls environment that is currently underway to prevent such transactions from occurring in the future.

(viii) Following its review of the Inquiry report, the Board reaffirmed its commitment to the highest standards of corporate governance and resolved that the Company would cooperate with all relevant authorities in relation to these matters.

(ix) Furthermore, the Company has received letters from its previous auditors (i.e. who served as the Company's auditors during the period covered by the Inquiry), seeking consultation to discuss their prior audit reports. The Company has responded to these letters scheduling time for such meetings and have also met with the previous auditors. The Company will consider any remedial actions proposed in this regard, in light of applicable legal provisions.

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With regard to the review of the Additional Matters and transactions with Additional Parties identified through the Inquiry, as stated in Note 26(e) to the financial statements, the Board has directed the MD & CEO to expeditiously further review the Additional Matters and transactions with the Additional Parties during the period covered by the Inquiry and report to the Board his conclusions on the transactions and any further impact on the Company's financial Statements. Based on the outcome of such review, the Company will take appropriate action in respect of the underlying Additional Matters and transactions with Additional Parties, as is fit and necessary in the circumstances.

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Annexure II

Emphasis of Matter in the Auditor's Report on the standalone financial statements:

1 Note 26(b) to the financial statements, which states that, during the year ended 31 March 2014, various pre-existing loans / advances / deposits (together with interest) due from United Breweries (Holdings) Limited ("UBHL") by the Company and its subsidiaries aggregating Rs 13,374 million on 3 July 2013, were consolidated into a single loan agreement dated 3 July 2013 entered into between the Company and UBHL. As per the terms of the said loan agreement, an amount of Rs 1,911 million (gross of tax) was payable by UBHL to the Company towards the interest payable as of January 2015. However, the Company is yet to receive such interest payment from UBHL. The Company has received a letter from UBHL stating that it is involved in litigations with various creditors of Kingfisher Airlines in different Courts all over the country, and that some of the winding up petitions filed against UBHL have been admitted by the High Court of Karnataka. As a result of the above and other relevant factors, during the year ended 31 March 2015, the Company has provided the remaining principal balance of the loan aggregating Rs 9,955 million (in addition to the Rs 3,303 million that was provided for during the year ended 31 March 2014) and has not recognized interest income of Rs 1,207 million (previous year: 963 million);

2 Note 29(i) to the financial statements, wherein it is stated that Tern Distilleries Private Limited, a wholly-owned subsidiary of the Company ("TERN") will be amalgamated with the Company pursuant to a Draft Rehabilitation Scheme and applicable provisions of Sick Industrial Companies (Special Provisions) Act, 1985 with the appointed date 1 April 2013 ("TERN Scheme"). The entire operations of TERN comprise transactions with the Company. The net impact on the stand-alone financial performance of the Company from such amalgamation is expected to be insignificant when effected. The equity shareholders of the Company approved the TERN Scheme at their EGM held on 18 March 2014 and the approval by the Board for Industrial and Financial Reconstruction is awaited. Pending approval of the TERN Scheme, no effect has been given in the financial statements;

3 Note 29(ii) to the financial statements, wherein it is stated that SW Finance Company Limited, a wholly-owned subsidiary of the Company will be amalgamated with the Company with the appointed date 1 January 2014 ("SWFCL Scheme") pursuant to the applicable provisions of the Companies Act, 1956, and subject to the sanction of the Honourable jurisdictional High Courts/any such competent authority. The accounting for the above amalgamation shall be done upon receiving the necessary sanctions / approval from various regulatory authorities including the Registrar of Companies. Upon the SWFCL Scheme becoming effective, SWFCL will stand merged with the Company. Pending approval of the SWFCL Scheme, no effect has been given in the financial statements;

4 Note 25(a) to the financial statements, wherein it is stated that during the year ended 31 March 2014, the Company decided to prepay credit facilities availed from a bank amounting to Rs 6,217 million secured by assets of the Company and pledge of shares of the Company held by the USL Benefit Trust. The Company deposited a sum of Rs 6,280 million including prepayment penalty of Rs 40 million with the bank and instructed the bank to debit the amount from the cash credit account towards settlement of the loan and release the assets / shares pledged by the Company. The bank, however, disputed the prepayment and continues to debit the account towards the instalments and interest as per the loan agreement. The Company has disputed the same and a case is pending before the Honourable High Court of Karnataka. On 31 March 2015, the bank demanded an amount of Rs 474 million towards principal and interest on the said loan. The Company has sought for a stay from the Honourable High Court of Karnataka with respect to the aforesaid demand. Pending settlement with the bank, the loan amount and balance available in cash credit account is presented on net basis in the financial statements as at 31 March 2015;

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5 Note 30 to the financial statements, wherein it is stated that (i) the Company has received a notice from the Ministry of Corporate Affairs for an inspection, under section 206(5) of the Act, of the books of accounts and other books and papers of the Company; (ii) the Company has received a notice under Section 131 of the Income Tax Act, 1961; and (iii) the Company has received letters from erstwhile auditors who served as the Company's statutory auditors during the period covered by the Inquiry, seeking to understand the impact of the findings of the Inquiry on their respective audit reports;

6 Note 26 to the financial statements, wherein it is stated that the Inquiry noted certain regulatory non-compliances with respect to the Companies Act, 1956, the listing agreement with the stock exchanges in India and other regulations as mentioned in the said note, and that the financial impact of these non-compliances on the Company were estimated by Management to be not material; and

7 Note 28 to the financial statements, wherein it is stated that during the financial year ended 31 March 2015, based on the reasons mentioned in the said note, the Company has reassessed the recoverability of the loans and advances to and investments in certain subsidiaries. The Company has thus provided for amounts aggregating Rs 3,544 million and Rs 3,618 million with respect to loans, advances and investments in relation to these subsidiaries respectively.

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The Statutory Auditors have qualified their opinion in the independent audit report in relation to the matters specified in Notes 35(a), 35(e), 26(d) and 43 to the consolidated financial statements as follows:

1. **Auditor's observations under paragraph 1 'Basis of Qualified Opinion' of the Auditor's report to the consolidated financial statements**:

As stated in Notes 35 (a) and (e) to the consolidated financial statements, during the year ended 31 March 2014, certain parties who had previously given the required undisputed balance confirmations for the year ended 31 March 2013, claimed in their balance confirmations to the Company for the year ended 31 March 2014 that they had advanced certain amounts to certain alleged UB Group entities and that the dues owed by such parties to the Company would, to the extent of the amounts owing by such alleged UB Group entities to such parties in respect of such advances, be paid / refunded by such parties to the Company only upon receipt of their dues from such alleged UB Group entities. These dues of such parties to the Company were on account of advances by the Company in the earlier years under agreements for enhancing capacity, obtaining exclusivity and lease deposits in relation to Tie-up Manufacturing Units ("TMUs"); agreements for specific projects; or dues owing to the Company from customers. In response to these claims, under the instruction of the Board of Directors of the Company ("Board"), a preliminary internal inquiry was initiated by the Management. Based on the findings of the preliminary internal inquiry by the Management, under the instructions of the Board; and Management's assessment of recoverability, an aggregate amount of Rs.6,495.5 million (including interest claimed) was provided in the consolidated financial statements for the financial year ended 31 March 2014 and was disclosed as prior period items. During the year ended 31 March 2015, an additional provision of Rs.216 million was made for interest claimed during the year. The Company has not made provision for any unclaimed interest on these amounts.

During the year ended 31 March 2014, the Board had also directed a further detailed and expeditious inquiry in relation to the above matter, the role of individuals involved and potential non-compliance (if any) with the provisions of the Companies Act, 1956 and other regulations applicable to the Company in relation to such transactions, and the possible existence of any other transaction of a similar nature (hereafter "the Inquiry"). While the Inquiry has since been completed, with regard to the possible existence of any other transaction of a similar nature, the Inquiry identified references to certain additional parties ("Additional Parties") in various documents, which documents dealt with transactions involving the counterparties referred to above. The Inquiry also identified certain additional matters ("Additional Matters") where the documents identified concerns as to the propriety of the underlying transactions.

Based on its current knowledge, the Management believes that the provisions made with respect to the above matters are adequate and no additional material adjustments are likely to be required in relation thereto. The Board has directed the Management to expeditiously review the Additional Matters and transactions with the Additional Parties and report to the Board on Management's conclusions on the transactions and any further impact on the Company's consolidated financial statements. Pending such review of the Additional Matters and transactions with Additional Parties, we are unable to comment on the nature of these transactions; the provisions established; or any further impact on the consolidated financial statements including the impact on the opening balances for the year. Further, pending resolution of the above disputes, we are unable to comment on whether the provision established for interest is appropriate.

Board Response: Refer response to Pt.1 of Annexure I of this form.
For limited purpose of response to this point, read Notes 26(a) and 26(e) in Pt. 1 of Annexure I as Notes 35(a) and 35(e).

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2. **Auditor's observations under paragraph 2 'Basis of Qualified Opinion' of the Auditor's report to the consolidated financial statements**:

As stated in Note 26(d) to the consolidated financial statements, as per the requirements of the equity listing agreements entered into by the Company with various stock exchanges in India and various circulars and regulations issued by the Securities and Exchange Board of India ("SEBI") and applicable provisions of the Companies Act, 2013 (hereafter "the Act") the Company sought approval of its equity shareholders for certain agreements in the extraordinary general meeting ("EGM") held on 28 November 2014. Some of the agreements, as detailed in the aforesaid note, were not approved by the equity shareholders in the aforesaid EGM. The Company has sought clarification/direction from SEBI with respect to the implications arising from the non-approval of the said agreements. Pending the clarification/direction from the SEBI, during the year ended 31 March 2015, the Company has recognised the underlying expenses pursuant to these agreements up to 28 November 2014 aggregating Rs.1,357 million. The Company has not recognised charges arising out of non-approved agreements aggregating Rs.486 million for the period from 29 November 2014 to 31 March 2015 and has disclosed the same as contingent liability. Further, subsequent to 28 November 2014, in response to the letters received by the Company from some of the concerned counterparties, the Company has made payments amounting to Rs.74 million to such counterparties with respect to the dues for services received prior to 28 November 2014 specifically stating that the said amounts would be refundable to the Company if it is determined that such amounts were not payable by the Company in view of the shareholders not having approved the respective agreements. Pending the resolution of this matter, we are unable to comment on the accounting treatment of the expenses under the agreement, balance due to/from the respective counterparties and any other implications resulting from such non-approval.

Board Response: Refer Pt.2 of Annexure I of this form.
For limited purpose of response to this point, read Notes 24(d) in Pt. 1 of Annexure I as Notes 26(d).

3. **Auditor's observations under paragraph 3 'Basis of Qualified Opinion' of the Auditor's report to the consolidated financial statements**:

As stated in note 43 to the consolidated financial statements, the Managerial remuneration for the year ended 31 March 2015 aggregated Rs 65 million and Rs 153 million towards remuneration of the Managing Director and Chief executive Officer (MD & CEO) and the Executive Director and Chief Financial Officer (ED & CFO) respectively. The aforesaid amounts includes remuneration in excess of the limits prescribed under the provisions of Schedule V to the Act. The Company is in the process of obtaining the requisite approval from the Central Government for such excess remuneration. In the absence of the required approval, we are unable to assess the impact of such excess remuneration on the consolidated financial statements of the Group.

Board Response: Refer Pt.3 of Annexure I of this form.
For limited purpose of response to this point, read Note 45 in Pt. 1 of Annexure I as Notes 43.

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Annexure - IV

Emphasis of Matter in the Auditor's Report to the consolidated financial statements:

1 Note 35(b) to the consolidated financial statements, which states that, during the year ended 31 March 2014, various pre-existing loans / advances / deposits (together with interest) due from United Breweries (Holdings) Limited ("UBHL") by the Company and its subsidiaries aggregating Rs.13,374 million on 3 July 2013, were consolidated into a single loan agreement dated 3 July 2013 entered into between the Company and UBHL. As per the terms of the said loan agreement, an amount of Rs.1,911 million (gross of tax) was payable by UBHL to the Company towards the interest payable as of January 2015. However, the Company is yet to receive such interest payment from UBHL. The Company has received a letter from UBHL stating that it is involved in litigations with various creditors of Kingfisher Airlines in different Courts all over the country, and that some of the winding up petitions filed against UBHL have been admitted by the High Court of Karnataka. As a result of the above and other relevant factors, during the year ended 31 March 2015, the Company has provided the remaining principal balance of the loan aggregating Rs.9,955 million (in addition to the Rs.3,303 million that was provided for during the year ended 31 March 2014) and has not recognised interest income of Rs.1,207 million (previous year: Rs.963 million);

2 Note 34(a) to the consolidated financial statements, wherein it is stated that during the year ended 31 March 2014, the Company decided to prepay credit facilities availed from a bank amounting to Rs.6,217 million secured by assets of the Company and pledge of shares of the Company held by the USL Benefit Trust. The Company deposited a sum of Rs.6,280 million including prepayment penalty of Rs.40 million with the bank and instructed the bank to debit the amount from the cash credit account towards settlement of the loan and release the assets / shares pledged by the Company. The bank, however, disputed the prepayment and continues to debit the account towards the instalments and interest as per the loan agreement. The Company has disputed the same and a case is pending before the Honourable High Court of Karnataka. On 31 March 2015, the bank demanded an amount of Rs.474 million towards principal and interest on the said loan. The Company has sought for a stay from the Honourable High Court of Karnataka with respect to the aforesaid demand. Pending settlement with the bank, the loan amount and balance available in cash credit account is presented on net basis in the financial statements as at 31 March 2015;

3 Note 36 to the consolidated financial statements, wherein it is stated that (i) the Company has received a notice from the Ministry of Corporate Affairs for an inspection, under section 206(5) of the Act, of the books of accounts and other books and papers of the Company; (ii) the Company has received a notice under Section 131 of the Income Tax Act, 1961; and (iii) the Company has received letters from erstwhile auditors who served as the Company's statutory auditors during the period covered by the Inquiry, seeking to understand the impact of the findings of the Inquiry on their respective audit reports; and;

4 Note 35 to the consolidated financial statements, wherein it is stated that the Inquiry noted certain regulatory non-compliances with respect to the Companies Act, 1956, the listing agreement with the stock exchanges in India and other regulations as mentioned in the said note, and that the financial impact of these non-compliances on the Company were estimated by Management to be not material

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