UNITED SPIRITS
A DIAGEO Group Company

United Spirits Limited
Registered Office:
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Bengaluru 560 001

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Ref: bm260716

July 26, 2016

1. National Stock Exchange of India Limited
   Exchange Plaza, C-1, Block G
   Bandra Kurla Complex, Bandra (East)
   Mumbai - 400 051.
   Scrip Code:MCDOWELL-N

2. BSE Limited
   (Regular Office & Corporate Relations Dept)
   Phiroze Jeejeebhoy Towers
   Dalal Street
   Mumbai - 400 001.
   Scrip Code: 532432

Dear Sirs,

Sub: Un-Audited Financial Results for the quarter and three months ended June 30, 2016.

The Board of Directors of the Company at their meeting held today, has considered and approved the un-audited financial results of the Company for the quarter and three months ended June 30, 2016 ("UFR"). The Limited Review Report (LRR) thereon received from the Statutory Auditors of the Company was placed at the said Board Meeting.

UFR along with the LRR and a Press Release in respect of this UFR are being uploaded on to your websites along with this letter.

Thanking you,

Yours faithfully,
for UNITED SPIRITS LIMITED

V. R

V.RAMACHANDRAN
COMPANY SECRETARY

Attachments: as above

UNITED SPIRITS LIMITED

A DIAGEO Group Company

'UB Tower', # 24, Vittal Mallya Road, Bangalore - 560 001

Statement of Standalone Unaudited Results for the quarter ended June 30, 2016 (Rs. In Crores)

	3 months ended June 30, 2016	Preceeding 3 months ended March 31, 2016	3 months ended June 30, 2015	Previous year ended March 31, 2016
	Unaudited	Unaudited	Unaudited	Unaudited
1 Income from operations	5,839.93	6,004.61	5,448.69	23,458.15
Less: Excise duty	3,812.60	3,879.49	3,599.97	15,181.54
(a) Net sales / Income from operations	2,027.33	2,125.12	1,848.72	8,276.61
(b) Other operating income	13.21	6.69	17.43	59.62
Total income from operations	2,040.54	2,131.81	1,866.15	8,336.23
2 Expenses:				
a) Cost of materials consumed	1,043.98	1,125.89	1,114.28	4,671.78
b) Purchase of stock-in-trade	102.15	33.20	61.43	393.86
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	11.50	64.03	(86.97)	(204.85)
d) Employee benefits expense	180.19	134.07	162.91	635.02
e) Depreciation and amortisation expense	26.10	27.11	24.89	101.49
f) Other expenses:				
i) Advertisement and sales promotion	167.34	243.48	152.27	677.22
ii) Others	336.89	422.23	273.33	1,284.52
Total expenses	1,868.15	2,050.01	1,702.14	7,559.04
3 Profit / (loss) from operations before other income, finance costs and exceptional items (1-2)	172.39	81.80	164.01	777.19
4 a) Other income	24.13	73.32	4.42	85.26
b) Exchange difference - gain / (loss), net	(2.77)	16.50	10.15	20.87
5 Profit / (loss) before finance costs and exceptional items (3+4)	193.75	171.62	178.58	883.32
6 Finance costs	102.96	100.88	128.38	446.92
7 Profit / (loss) after finance costs but before exceptional items (5-6)	90.79	70.74	50.20	436.40
8 Exceptional items (net) (Refer Note 13)	(21.72)	(21.08)	-	(117.35)
9 Profit / (loss)before tax (7 + 8)	69.07	49.66	50.20	319.05
10 Tax expense	25.27	44.23	38.59	193.46
11 Net profit / (loss) from ordinary activities after tax (9-10)	43.80	5.43	11.61	125.59
12 Other Comprehensive Income				
A. Items that will be reclassified to profit or loss	-	-	-	-
B. Items that will not be reclassified to profit or loss	(1.64)	(10.35)	(57.41)	6.04
13 Total Comprehensive Income (11+12)	42.16	(4.92)	(45.80)	131.63
14 Paid-up equity share capital (Face value Rs.10)	145.33	145.33	145.33	145.33
15 Earnings per share of Rs.10 each (not annualised):				
a) Basic	2.90	(0.34)	(3.15)	9.06
b) Diluted	2.90	(0.34)	(3.15)	9.06

Price Waterhouse & Co Chartered Accountants LLPIN AAC-4362 FRN 304026E/E-300009

UNITED SPIRITS LTD. MUMBAI

United Spirits Limited

Unaudited Financial Results for the quarter ended June 30, 2016

Notes:

1. This Statement of Unaudited Financial Results of United Spirits Limited ('USL' or 'the Company') for the quarter ended June 30, 2016 (the Statement of Results) has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Beginning April 1, 2016, the Company has for the first time adopted Ind AS with a transition date of April 1, 2015. The format for the Statement of Results is prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015. Further, pursuant to the exemption available vide SEBI circular No.CIR/CFD/FAC/62/2016 dated July 5, 2016, the line item – "Reserves (excluding Revaluation Reserves), as per Balance sheet of the previous accounting year ended March 31, 2016" has not been disclosed. The reconciliation of net profit or loss reported in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS is given below:

(Rs. In crores)

Particulars	Preceding 3 months ended March 31, 2016	3 months ended June 30, 2015	Previous year ended March 31, 2016
Net profit / (loss) as reported under earlier Indian GAAP - refer notes (a) and (b) below	**(8.99)**	**19.92**	**981.17**
Add/(Less) – Adjustments for Ind AS - refer note (c) below			
Net Impact on derecognition of borrowing cost included in value of inventory at the beginning and end of the period	0.81	(15.41)	(17.84)
Net Impact of reversal of revenue at period beginning and end along with the related cost of goods sold	3.66	0.34	(2.55)
Actuarial Loss on defined benefit plans for the period considered under Other Comprehensive Income (including tax impact thereon).	8.84	1.27	12.65
Reversal of Amortization of Intangible Assets	0.15	0.15	0.61
Gain on sale of investment considered under Other Comprehensive Income / opening retained earnings as at April 1 2015 based on fair valuation.	-	-	(853.60)
Deferred tax credit in respect of the above adjustments	0.96	5.34	5.15
Net profit as per Ind AS	**5.43**	**11.61**	**125.59**
Other Comprehensive Income			
Actuarial (loss) on employee benefit schemes	(8.84)	(1.28)	(12.65)
Fair value gain/ (loss) on investments (financial assets)	(1.51)	(56.13)	18.69
Other Comprehensive Income	**(10.35)**	**(57.41)**	**6.04**
Total Comprehensive Income	**(4.92)**	**(45.80)**	**131.63**

(a) The results for the 3 months ended June 30, 2015 and for the previous year ended March 31, 2016 have been reviewed/audited, respectively, by the Company's previous statutory auditors.

(b) Results for the preceding 3 months ended March 31, 2016 represent the difference between the audited results for the year ended March 31, 2016 and reviewed results for the nine months period ended December 31, 2015.

(c) Adjustments for Ind AS and Other Comprehensive Income for all prior periods presented have been reviewed by the Company's current statutory auditors.

2. The Company is engaged in the business of manufacture, purchase and sale of beverage alcohol (spirits and wines), including through tie-up manufacturing/ brand franchise. The Company considers the business principally based on the Company's brands in two segments namely 'Prestige and Above' brands and 'Popular' brands. Since both these segments meet the aggregation criteria as per the requirements of Ind AS 108 on 'Operating segments', the management considers these as a single reportable segment. Accordingly, disclosure of segment information has not been furnished.

3. As disclosed in the financial statements for the years ended March 31, 2015 and March 31, 2016, the Board initiated an inquiry ("Initial Inquiry"), which was completed in April 2015.

a) The Initial Inquiry revealed (amongst other things), past instances of improper transactions concerning USL and its subsidiaries in India, including what appeared *prima facie* to be diversions of funds from USL and its subsidiaries to various UB Group companies, including Kingfisher Airlines Limited ("KFA"). All such diverted amounts were provided for by the Company in the financial statements for the years ended March 31, 2014 and March 31, 2015. The Initial Inquiry also noted that the manner in which certain transactions were conducted, *prima facie*, indicated various improprieties and potential violations of provisions, *inter alia*, of the Companies Act, 1956, and the then listing agreements signed by the Company with various stock exchanges in India on which its securities are listed. The financial impact of these non-compliances were estimated by Management to be not material.

b) In connection with the recovery of the funds that were identified by the Initial Inquiry to have been diverted from the Company and/or its subsidiaries, the Company reached settlements with three parties that were accounted for and disclosed during the year ended March 31, 2016. In addition, during the quarter ended June 30, 2016, USL has signed settlement agreements with four more parties that has no financial impact on the results for the quarter (as the balances outstanding from these parties were already provided for in the previous financial year). Settlements with the other parties have not been reached as yet and management is continuing discussions in this regard.

4. The documents reviewed during the Initial Inquiry contained references to certain additional parties ("Additional Parties") and matters ("Additional Matters") indicating the possible existence of other improper transactions. While such references could not be fully analysed during the Initial Inquiry, the nature of these references raised concerns regarding the propriety of the underlying transactions. Therefore, after the Initial Inquiry was concluded, and as disclosed in the Company's financial results and financial statements from time to time, the Board mandated that USL's managing director and chief executive officer ("MD & CEO") conduct further inquiry ("Additional Inquiry") into historical transactions involving the Additional Parties and Additional Matters, to determine whether transactions with these Additional Parties or involving these Additional Matters also suffered from improprieties. Pending the Additional Inquiry, and as disclosed in the audited financial statements for the years ended March 31,

2015 and March 31, 2016, certain audit qualifications were made on the USL's audited financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established therefor or any further potential impact on the financial statements. Pursuant to the Board's directions, the MD & CEO engaged independent experts with specialised forensic skills to assist with this Additional Inquiry and provide inputs and expert advice in connection therewith. Notwithstanding the limitations posed by lack of access to complete documentation despite best efforts, the Additional Inquiry has concluded subsequent to the quarter ended June 30, 2016 and the MD & CEO has submitted his report, taking into account the inputs and expert advice of the independent experts, to the Board. The Board, at its meeting held on July 9, 2016, discussed and considered in detail the report submitted by the MD & CEO in relation to the Additional Inquiry.

a) The Board noted that while only a court or concerned regulatory authority would be in a position to make final determinations as to fault or culpability, the Additional Inquiry prima facie reveals further instances of actual or potential fund diversions arising from improper transactions amounting to approximately Rs. 913.50 crores using March 31, 2015 exchange rates (or approximately Rs.950.40 crores using March 31, 2016 exchange rates) as well as other potentially improper transactions involving USL and its Indian and overseas subsidiaries amounting to approximately Rs.311.80 crores using March 31, 2015 exchange rates (or approximately Rs.326.00 crores using March 31, 2016 exchange rates). These transactions occurred during the review period covered by the Additional Inquiry, i.e., from October 2010 to July 2014 ("Review Period", which was substantially the same as the period covered by the Initial Inquiry), although certain transactions appear to have been initiated in years prior to the Review Period.

b) The improper transactions identified in the Additional Inquiry involved, in most cases, the diversion of funds to overseas and Indian entities that appear to be affiliated or associated with USL's former non-executive chairman, Dr Vijay Mallya. The overseas beneficiaries or recipients of these funds include entities such as Force India Formula One, Watson Ltd, Continental Administrative Services, Modali Securities Limited, Ultra Dynamix Limited and Lombard Wall Corporate Services Inc, in each of which Dr Mallya appears to have a material, direct or indirect, interest. The Indian beneficiaries or recipients of the funds identified by the Additional Inquiry included, in most cases, KFA.

c) Most of the amounts identified in the Additional Inquiry have been previously provided for or expensed in the financial statements of USL or its subsidiaries for prior periods as a matter of accounting prudence (including by way of provision made in relation to impairment in the value of or loss on sale of USL's overseas subsidiaries). With an additional charge of Rs. 21.72 crores in respect of a write down in the value of certain items of plant and machinery made in the quarter ended June 30, 2016 (refer Note 13 below), there are no other improper transactions identified by the Additional Inquiry, which have not been previously expensed or provided. The Company is in the process of reviewing potential non-compliance with applicable laws. Based on expert and legal advice received, at this stage it is not possible to estimate the financial implications, if any, of the same on the Company.

d) In light of these findings, and based on expert advice received, the Board directed that copies of the MD & CEO's report (including the Additional Inquiry report) be provided to concerned authorities. This has been done. The Board further resolved that the Company would cooperate with all relevant authorities in relation to these matters.

e) In connection with the recovery of funds that are *prima facie* identified by the Additional Inquiry to have been diverted from the Company, the Board directed that the Company should conduct a detailed review of each case of fund diversion to assess the Company's legal position and then take such action as is necessary to recover the funds from the relevant parties and individuals, to the extent possible. In light of the matters discussed above and the possible involvement of overseas subsidiaries in the improper transactions identified by the Additional Inquiry, the Board has directed the Company to consider proceeding with the liquidation or restructuring of such subsidiaries after completing the above-mentioned assessment and recovery action. The Board directed the MD & CEO to take appropriate action in relation to employees named in the Additional Inquiry. In relation to on-going relationships with counter-parties involved in the improper transactions identified by the Additional Inquiry, the Board directed further review of such relationships. As previously announced, on February 25, 2016, USL entered into a settlement agreement with its former non-executive chairman, Dr. Mallya, pursuant to which he resigned from his positions as a director and chairman of the Company and of the boards of its subsidiaries. Pursuant to this settlement, the Company and Dr. Mallya agreed a mutual release in relation to matters arising out of the Initial Inquiry by the Company into certain matters referred to in its financial statements for the financial year ended 31 March 2014. The settlement agreement does not extend to matters covered by the Additional Inquiry.

5. The Company had pre-existing loans/ deposits/ advances that were due to the Company and its wholly-owned subsidiaries from United Breweries (Holdings) Limited ("UBHL") and its subsidiaries, and that were consolidated into, and recorded as, an unsecured loan by way of an agreement entered into between the Company and UBHL on July 3, 2013 ("Loan Agreement"). As previously disclosed by the Company in financial statements for the years ended March 31, 2014, March 31, 2015 and March 31, 2016, the Loan Agreement had been duly approved by the then existing board of directors of the Company, before it was entered into by the Company. As per the requirements of the then listing agreements, entered into by the Company with various stock exchanges, and applicable circulars issued by SEBI, the Company sought shareholder approval for certain historical agreements, including the Loan Agreement, at the extraordinary general meeting ("EGM") held on November 28, 2014. It was stated in the EGM notice that in the absence of sufficient clarity in respect of the provisions dealing with such existing material related party contracts and arrangements, the Company was tabling the historical agreements for shareholder approval by way of abundant caution. This Loan Agreement was not approved by the Company's shareholders at the said EGM.

Upon USL's request for payment of interest in the month of January 2015, the Company received letters from UBHL stating that due to Court orders passed in winding up proceedings concerning UBHL, UBHL is unable to pay such sums to USL without leave of the Court, and that UBHL proposes to seek such leave. Despite repeated follow up by the Company in this regard, the Company has not received any update or information from UBHL indicating whether UBHL has applied to the Court for the requisite leave to pay USL. As a result of the above and other relevant factors, and as a matter of prudence, the Company made provision for the entire principal amount due of Rs. 1,337.40 crores and for the accrued interest of Rs. 96.31 crores upto March 31, 2014 in prior financial years. Consequently, the Company has also not recognised interest income on said loan aggregating to Rs. 279.28 Crores till June 30, 2016 (including Rs. 31.53 crores for the quarter ended June 30, 2016).

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The Company is pursuing all rights and claims to recover the entire amount of the loan together with accrued interest till date from UBHL and has written to UBHL demanding payment of all sums. As a result of the foregoing and other relevant considerations, during the year ended March 31, 2016 the Company filed affidavits in the winding up proceedings against UBHL informing the Court regarding UBHL's conduct and default in payment of amounts due under the Loan Agreement. Additionally, the Company has previously set-off and intends to set-off amounts payable to UBHL under any other agreement, against the interest receivables from UBHL (including setting off a sum of Rs. 6.54 crores for the quarter ended June 30, 2016 and cumulatively Rs. 31.47 crores up to June 30, 2016 due to UBHL). To the extent of such set-offs, the Company has reversed the provision against the receivable from UBHL under the Loan Agreement and has accounted for it as Other income. Furthermore, subsequent to the quarter ended June 30, 2016, the Company has issued notice to UBHL seeking arbitration of the disputes and claims under the Loan Agreement.

6. In connection with the settlement, Dr. Mallya procured or undertook to procure the termination by the relevant counterparties of certain historical agreements to which the Company was party and which were voted down by the shareholders in November 2014. As a result, the Company entered into mutual release and termination agreements with all the respective counterparties under the agreements, save one. The Company is in the process of discussing a mutual release and termination agreement with this counterparty.

As part of its settlement arrangement with Dr Mallya, the Company, *inter alia*, also entered into certain principles, pursuant to which Dr Mallya or a party nominated by him would have a limited period option to purchase up to 13 non-core properties from the Company. The Company is in the process of obtaining independent valuation for these properties.

During recent discussions, UBHL had indicated that it may be prevented from agreeing to terminate the Shareholders Agreement immediately by reason of certain legal and court restrictions which may apply as a result of winding-up proceedings to which UBHL is subject in India. USL was informed that UBHL proposes to seek court leave for an agreed termination of the Shareholders' Agreement, and USL has received certain undertakings in this regard from Dr Mallya. USL has received further notice from Dr Mallya regarding some steps taken though UBHL is yet to seek court leave to terminate the Shareholders' Agreement. USL has issued letters to Dr Mallya seeking a further update on the status of these applications to the court to seek leave for the agreed termination of the Shareholders' Agreement.

7. The managerial remuneration for the financial year ended March 31, 2015 aggregating Rs. 6.26 crores and Rs. 15.31 crores towards remuneration of the Managing Director & Chief Executive Officer (MD & CEO") and the former Executive Director and Chief Financial Officer ("ED & CFO"), respectively, was approved by the shareholders at the annual general meeting of the Company held on September 30, 2014. The aforesaid remuneration includes amounts paid in excess of the limits prescribed under the provisions of Schedule V to the Companies Act, 2013 ("Act") by Rs. 5.07 crores to the MD & CEO and Rs. 13.40 crores to the former ED & CFO. Accordingly, the Company applied for the requisite approval from the Central Government for such excess remuneration. The Central Government, vide letters dated April 28, 2016 did not approved the Company's application for the waiver of the excess remuneration. On May 24, 2016 the Company resubmitted the applications, along with detailed explanations, to the Central Government to reconsider approving the waiver of the excess remuneration

paid. In the light of the findings regarding the Additional Inquiry as set out in note 4 above, the Company has withdrawn its application for approval of excess remuneration paid to the former ED & CFO of the Company through a letter dated July 12, 2016. The Company is awaiting response from the Central Government to its resubmitted application in respect of the MD & CEO. As notified to the Central Government, the Company has initiated steps to recover the excess remuneration from the former ED & CFO.

8. The Company has received and continues to receive letters and notices from various regulatory authorities and others including the Ministry of Corporate Affairs ("MCA"), Serious Fraud Investigation office ("SFIO"), National Stock Exchange ("NSE"), Institute of Chartered Accountants of India ("ICAI"), Enforcement Directorate ("ED"), Income Tax Department ("IT"), Securities and Exchange Board of India ("SEBI") and erstwhile auditors of the Company. The Company has responded to the respective letters and notices and is cooperating with the regulatory authorities wherever required. In addition to the notices previously received (details of which were disclosed in Company's audited financial statements for the year ended March 31, 2016), the following letters and notices have been received:.

a) By letters dated May 5, 2016 and July 12, 2016, the ED summoned senior officers of the Company to provide statements and tender evidence in connection with the ED's investigation into matters under the Prevention of Money Laundering Act, 2002. In addition, by a letter dated June 14, 2016, the Company received a request from the ED seeking information relating to the Settlement Agreement with Dr. Mallya. The Company has responded to these requests and is fully co-operating with the ED.

b) By a letter dated July 14, 2016 from ED, the Company has received an inquiry relating to non-submission of Bill of Entry pertaining to a transaction undertaken by the Company during 2002. The Company is examining the same and will submit its response.

c) The Company (and certain former officers of the Company) received show cause notices dated June 23, 2016, from the MCA alleging violations of certain provisions of the Companies Act, 1956 and the Companies Act, 2013 during various prior periods. The Company is in the process of responding to these show cause notices. The financial impact of such alleged violations is not considered to be material.

d) By letter dated May 11, 2016 SEBI sought clarifications on matters covered by the Company's Initial Inquiry. The Company has responded to the same.

e) The Company also received a letter dated June 9, 2016 from the Director General of Central Excise Intelligence ("DGCEI") seeking copies of the settlement agreement with Dr. Mallya and all other related agreements, and the Company has responded thereto. In addition, by a letter dated July 11, 2016, the Company received a summons seeking personal appearance of an officer of the Company to tender evidence and produce documents in respect of an enquiry being held by the Directorate. The Company has assured fullest co-operation in the verification proceedings being carried out by the DGCEI.

9. During the year ended March 31, 2014, the Company decided to prepay a term loan taken in earlier years from a bank, secured by assets of the Company and pledge of shares of the Company held by the USL Benefit Trust (of which the Company is the sole beneficiary). The Company deposited a sum of Rs.628.00 Crores, including prepayment penalty of Rs. 4.00 Crores, with the bank and instructed the bank to debit the amount from its cash credit account towards settlement of the loan and release the assets and shares pledged by the Company. The bank, however, disputed the prepayment. The

Company has disputed the stand taken by the bank and its writ petition is pending before the Hon'ble High Court of Karnataka. On completion of the loan tenure on March 31, 2015, the bank demanded an amount of Rs. 47.40 crores towards principal and interest on the said loan, which the Company contested in the Hon'ble High Court of Karnataka. As per the order of the Hon'ble High Court of Karnataka directing Parties to consider a negotiated settlement, the Company engaged with the bank to commence discussions towards settlement. Furthermore, in August 2015, the bank obtained an *ex parte* injunction in proceedings between the bank and KFA, before the Debt Recovery Tribunal, Bangalore ("DRT"), restraining the USL Benefit Trust from disposing of the pledged shares until further orders. The Company and USL Benefit Trust, upon receiving notice of the said order, filed their objections against such *ex parte* order passed in proceedings in which neither the Company nor the USL Benefit Trust are or have been enjoined as parties. In December 2015, the Hon'ble High Court of Karnataka issued a stay order restraining the bank from dealing with the above-mentioned pledged shares until further orders. Thereafter in February 2016, the Company received a notice from the bank seeking to recall the loan and demanding a sum of Rs. 45.94 crores, and the Company also received a subsequent notice in March 2016 issued under section 13(2) of SARFAESI Act in relation to the same loan. Pursuant to an application filed by the Company before the Hon'ble High Court of Karnataka, in the writ proceedings, the Hon'ble High Court directed that if the Company deposited the sum of Rs. 45.94 crores with the bank, the bank should hold the same in a suspense account and should not deal with any of the secured assets including shares pledged with the Bank till disposal of the original writ petition filed by the Company before the Hon'ble High Court of Karnataka. During the quarter ended June 30, 2016, the Company accordingly deposited the said sum and replied to the bank's various notices in light of the above. The aforesaid amount has been accounted as other receivable.

10. During the quarter ended June 30, 2016, the Company obtained leave of the concerned Hon'ble Court to withdraw from proceedings regarding its rights as a tenant in relation to the Kingfisher Villa located in Goa. Pursuant to such withdrawal, the Hon'ble Court refunded the sum of Rs. 35.00 crores previously deposited by the Company with the Hon'ble Court in relation to such proceedings, and a further sum of Rs. 10.62 crores by way of gross interest on such deposit subject to tax deducted at source. The gross interest of Rs. 10.62 crores has been shown as Other income in the Statement of Results.

11. Subsequent to quarter ended June 30, 2016, the Company has received a claim from a customer in relation to prices over the past several years in respect of certain specific products of the Company which, the said customer has alleged, is inconsistent with trade terms that apply between the Company and the said customer. The Company does not agree with the assessment of the quantum of the amount in question and has contested the same. The Company also commenced a dialogue with the said customer to resolve this past matter though, this discussion is at a preliminary stage and matter is complex. Given this the Company, is unable to assess the possible quantum or range of loss, if any, to which such claim may give rise to.

12. The Bihar State Government by its notification dated April 5, 2016 imposed a ban on trade and consumption of Indian Made Foreign Liquor and foreign liquor in the state of Bihar with immediate effect. Writ petitions were filed with the Hon'ble High Court of Patna challenging the said notification and seeking payment for supplies made by the Company and its tie-up manufacturing units to Bihar State Beverages Corporation Limited ("BSBCL"). As at June 30, 2016, the Company has receivables of Rs. 84.66 crores from BSBCL. On April 13, 2016, the Hon'ble High Court of Patna passed an interim order, taking a 'prima facie' view that BSBCL would be obliged to make payment in respect of all stocks

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supplied by the manufacturers pursuant to orders placed by BSBCL. Considering the favourable interim order passed by the Hon'ble High Court of Patna, the management is confident of recovery of aforesaid receivable.

13. Exceptional item for the quarter ended June 30 2016 represents a write down in the value of certain items of plant and machinery as referred to in aforesaid Note 4(c) amounting to Rs.21.72 crores.

At the annual general meeting of the Company held on July 14, 2016 and following the adoption of the Company's audited financial statements for the year ended March 31, 2016, the shareholders approved the resolution concerning 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 Co has reported the fact of such erosion to the Board for Industrial and Financial Reconstruction as required under Section 23(1)(a)(i) of SICA.

14. On January 15, 2016, the Company entered into an agreement for the sale of its entire holding in United Spirits Nepal Private Limited of 67,716 equity shares (constituting 82.46% of the paid up equity share capital of United Spirits Nepal Private Limited). The sale is subject to various regulatory approvals (both in India and Nepal) and other conditions precedent which are normal for such transactions, and which the Company is in the process of seeking. Pending such approvals, no effect has been given in respect of this transaction in this Statement of Results for the quarter ended June 30, 2016.

15. Previous period's figures have been regrouped/ reclassified to conform to the current period's presentation for the purpose of comparability.

16. This Statement of Results has been reviewed by the audit committee on July 25, 2016 and approved by the Board of Directors at its meeting held on July 26, 2016. The statutory auditors of the Company have carried out a limited review of this Statement of Results for the quarter ended June 30, 2016.

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By authority of the Board

Anand Kripalu
Managing Director and CEO

Mumbai
July 26, 2016

Independent Auditors' Report on Review of Interim Results for the quarter ended June 30, 2016

The Board of Directors
United Spirits Limited
UB Tower, # 24 Vittal Mallya Road
Bangalore – 560 001

Introduction

1. We have reviewed the unaudited financial results of United Spirits Limited (the "Company") for the quarter ended June 30, 2016 which are included in the accompanying 'Statement of Standalone Unaudited Results for the quarter ended June 30, 2016' together with the notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Further, the Management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Company's opening unaudited Balance Sheet as at April 1, 2015 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies. Our responsibility is to issue a report on the Statement based on our review.

Scope of Review

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.

3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

4. As stated in Note 7 to the Statement, the Managerial remuneration for the year ended March 31, 2015 aggregated Rs.6.26 crores and Rs.15.31 crores towards remuneration of the Managing Director and Chief Executive Officer (MD & CEO) and the former Executive Director and Chief Financial Officer (ED & CFO), respectively. The aforesaid amounts included remuneration paid in excess of the limits prescribed under the provisions of Schedule V to the Companies Act, 2013 by Rs.5.07 crores to the MD & CEO and Rs.13.40 crores to the former ED & CFO. The Central Government, vide letters dated April 28, 2016 has not approved the Company's applications for the waiver of the excess remuneration paid. On May 24, 2016 the Company has resubmitted the applications, along with detailed explanations, to the Central Government to reconsider approving the waiver of the excess remuneration paid. Subsequently, vide a letter dated July 12, 2016 the Company has withdrawn its application for the waiver of excess remuneration paid to the former ED & CFO, for the reasons explained in Note 4 to the Statement. The Company is awaiting response from the Central Government to its resubmitted application in respect of the MD & CEO. As notified to the Central Government, the Company has initiated steps to recover excess remuneration paid from the former ED & CFO.

5. As stated in Note 11, subsequent to quarter ended June 30, 2016, the Company has received a claim from a customer in relation to prices over the past several years in respect of certain specific product of the Company which, the said customer has alleged, is inconsistent with the trading terms that apply between the Company and the said customer. The Company does not agree with the assessment of the quantum of the amounts in question and has contested the same. The Company has also commenced dialogue with the said customer to resolve this past matter. We are unable to comment on the final outcome of this matter, adequacy of the provision made and any further impact on the Company's results in the Statement.

Qualified Conclusion

6. Based on our review conducted as above, except for matters stated in the Basis for Qualified Conclusion in paragraphs 4 and 5 above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with Ind AS and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of matter

7. We draw attention to the following matters:

   a. As stated under Note 4 to the Statement, the Initial Inquiry identified reference to certain additional parties ("Additional Parties") and additional matters ("Additional Matters") where the documents identified raised concerns as to the propriety of the underlying transactions. Therefore, pursuant to the direction of Board, the MD & CEO conducted a further inquiry ("Additional Inquiry") into historical transactions involving the Additional Parties and Additional Matters, to determine whether transactions with these Additional Parties or involving these Additional Matters also suffered from improprieties. The Board noted that the Additional Inquiry, prima facie, reveals further instances of actual or potential fund diversions arising from improper transactions to entities that appear to be affiliated or associated with a former director of the Company amounting to Rs.913.50 crores and other potentially improper transactions amounting to Rs.311.80 crores in prior years involving the Company and its overseas and Indian subsidiaries. All these amounts, except for Rs.21.70 crores which has been accounted for during the quarter ended June 30, 2016, have been previously provided for or expensed (including by way of provision made in relation to impairment in the value of loss on sale of the Company's overseas subsidiaries) in the financial statements of the Company or its subsidiaries for prior years. Based on the expert and legal advice received in light of these findings, Management is currently unable to estimate financial impact, if any, on account of potential non-compliances with laws and regulations on the financial information in the Statement.

b. As stated in Note 9 to the Statement, the Company decided to prepay a term loan from a bank and deposited a sum of Rs.628.00 crores in its cash credit account and instructed the Bank to debit the amount from the cash credit account towards settlement of the loan and release the assets of the Company and shares held by USL Benefit Trust (of which the Company is sole beneficiary) pledged by the Company. The Bank, however, disputed the prepayment. The Company has disputed the stand taken by bank and its writ petition in this regard is pending before the Honourable High Court of Karnataka (the "Court"). On March 31, 2015, after completion of loan tenure, the Bank demanded an additional amount of Rs.47.40 crores towards principal and interest on the said loan, which the Company contested in the Court. As per the order of the Court directing parties to consider a negotiated settlement, the Company engaged with the Bank to commence discussions towards settlement. In August 2015, the Bank obtained an ex parte injunction in proceedings between the Bank and Kingfisher Airlines Ltd, before the Debt Recovery Tribunal, Bangalore ("DRT"), restraining the USL Benefit Trust from disposing of the pledged shares until further orders. The Company and USL Benefit Trust, upon receiving notice of the said order, filed objections against such ex parte order. In December 2015, the Company obtained a stay from the Court restraining the Bank from dealing with the above mentioned pledged shares and other pledged assets until further orders. Thereafter, the Company received a notice from the Bank in February 2016 seeking to recall the loan and demanding a sum of Rs.45.94 crores. Another notice was issued by the Bank under section 13(2) of SARFAESI Act in relation to the same loan in March 2016. Pursuant to an application filed by the Company before the Court, in the writ proceedings, the Court directed that if the Company deposits a sum of Rs.45.94 crores with the Bank, the Bank should hold the same in a suspense account and should not deal with any of the secured assets including shares pledged by the Company under the loan till the disposal of the original writ petition filed by the Company in the Court. The Company has accordingly deposited the said sum and has replied to the Bank's various notices in light of the above. The aforesaid amount has been accounted as 'other receivable'.

c. Note 12 to the Statement which describes the uncertainty related to the outcome of writ petitions with the Honourable High Court of Patna, in relation to the ban imposed by the Bihar State Government on trade and consumption of Indian made Foreign Liquor and Foreign Liquor in the State of Bihar with effect from April 5, 2016. The Honourable High Court of Patna has passed an interim order taking a 'prima facie' view that Bihar State Beverages Corporation Limited (BSBCL) would be obliged to make payment in respect of all stocks supplied by the manufacturers pursuant to the orders placed by BSBCL. In view of the favourable interim order, no provision against the receivables from BSBCL has been considered necessary by the Management.

d. Note 8 to the Statement:

   i. regarding the Company's response/submissions to various issues raised pursuant to an inspection of its books and papers under section 206(5) of the Companies Act, 2013 by Ministry of Corporate Affairs. The Company has further received several show cause notices alleging violations of certain provisions of the Companies Act, 1956 and Companies Act, 2013 during various prior periods;
   ii. regarding the Company having provided the information sought by the Enforcement Directorate in connection with the investigation being conducted under the provisions of Foreign Exchange Management Act, 1999; and
   iii. regarding the Company's response to the Securities and Exchange Board of India on clarifications sought on matters covered by the Company's Initial Inquiry and regarding certain aspects of the settlement agreement between the Company and its erstwhile non-executive chairman and director.

e. Note 1 to the Statement which states that the Company has for the first time adopted Ind AS for the financial year commencing from April 1, 2016, and accordingly, the Statement has been prepared by the Company's Management in compliance with Ind AS.

Price Waterhouse & Co Chartered Accountants LLPIN AAC-4362 FRN 304026E/E-300009

f. The financial statements of the Company for the year ended March 31, 2016 prepared in accordance with Companies (Accounting Standards) Rules, 2006, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 26, 2016, expressed a qualified opinion on those financial statements. Further, the financial results for the quarter ended June 30, 2015 and prepared in accordance with Companies (Accounting Standards) Rules, 2006, were reviewed by another firm of chartered accountants who, vide their report dated July 23, 2015, expressed a qualified opinion on those financial results. The financial results for the preceding three months ended March 31, 2016 represent the difference between the audited results for the year ended March 31, 2016 and reviewed results for the nine months period ended December 31, 2015. Accordingly, the net profit included in the reconciliation to the Company's Total Comprehensive Income for the quarters ended June 30, 2015 and March 31, 2016 and year ended March 31, 2016 are based on the aforesaid financial statements/results.

Our conclusion is not qualified in respect of matters described under paragraph 7 above.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-30009
Chartered Accountants

Pradip Kanakia
Partner
Membership Number: 039985

Bangalore
July 26, 2016

UNITED SPIRITS
A DIAGEO Group Company

Unaudited financial results, first quarter ended 30 June 2016 (Standalone only)

First quarter results in line with expectations

- **Robust net sales growth of 9% in the quarter**
- **Alcohol consumption ban in Bihar impacted net sales by 3ppts – underlying net sales growth of 12% in the quarter**
- **Net sales of Prestige & Above segment up 21% with 10ppts positive price/mix; The Prestige & Above segment now represents 57% of net sales, up 5ppts versus last year**
- **Diageo brand portfolio added Rs. 163 Crore of net sales in the quarter and contributed 12ppts net sales growth to the Prestige & Above segment**
- **Net sales of Popular segment declined 8% in the quarter impacted by the Bihar prohibition; Priority states grew volumes and net sales in the segment**
- **Gross margin up 161bps driven by premiumisation and productivity**
- **Marketing investment up 10% with an overall reinvestment rate of 8.2%**
- **EBITDA Rs. 198 Crore; 5% growth. Underlying EBITDA growth of 14% excluding one off impact**
- **EBITDA margin 9.7%, down 40bps driven by increased operating expenses. Underlying EBITDA margin 10.5%, up 42bps**
- **EBIT Rs. 194 Crore; 8% growth**
- **Interest cost Rs. 103 Crore, lower by 20% driven by both debt reduction and favourable rates**
- **Profit after tax Rs. 44 Crore; F16 Q1: Rs 12 Crore. (up 277% versus last year)**

Anand Kripalu, Chief Executive Officer, commenting on the quarter ended 30 June 2016 said:

"Our strategy and investments over the last 2 years has clearly driven momentum. Looking at our first quarter results, the overall performance demonstrates that we have the right strategy in place, focusing on premiumization coupled with selective participation in popular.

The Prestige & Above segment grew net sales by 21%, fuelled by our renovation and premiumisation strategy. The re-launch of McDowell's No.1 whisky (core variant) and Royal Challenge has helped both brands grow net sales by 20% and 46% respectively in this quarter. Signature, which was renovated more recently has returned to growth. This segment now represents 57% of the overall business and the portfolio is well placed to outpace the category.

Several of the challenges we have faced last year are now behind us. We have seen good growth in some states and partial recovery in others. Uttar Pradesh has rebounded strongly post the excise duty reduction. Haywards in Karnataka has stabilised and delivered 1% volume growth in the quarter. Additionally, the price increase in Karnataka will benefit the next quarter.

These results and the actions that are driving this growth give me confidence that USL can deliver strong and sustained performance in the coming years."

KEY FINANCIAL INFORMATION

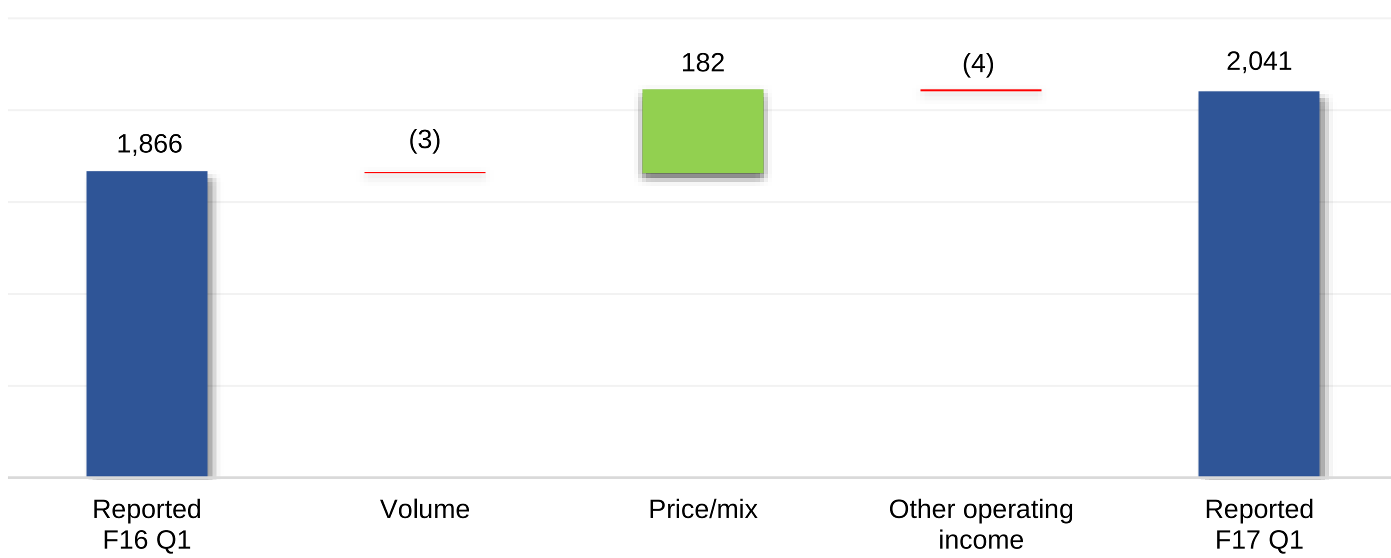
For the first quarter ended 30 June 2016

Financial information summary (Rs Crores)

Pursuant to the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) issued by the Ministry of Corporate Affairs (MCA), United Spirits Limited ("the Company" or "USL") has prepared the financial results for the quarter ended June 30, 2016 in accordance with the requirements of Indian Accounting Standards (Ind AS) ("Results"). The results for the quarter ended June 30, 2015, has also been restated by the Company as per the requirements of Ind AS. For further details on transition to Ind AS refer to appendix on page 5.
Cash flow and net debt analysis will be disclosed only in the half year and full year results.

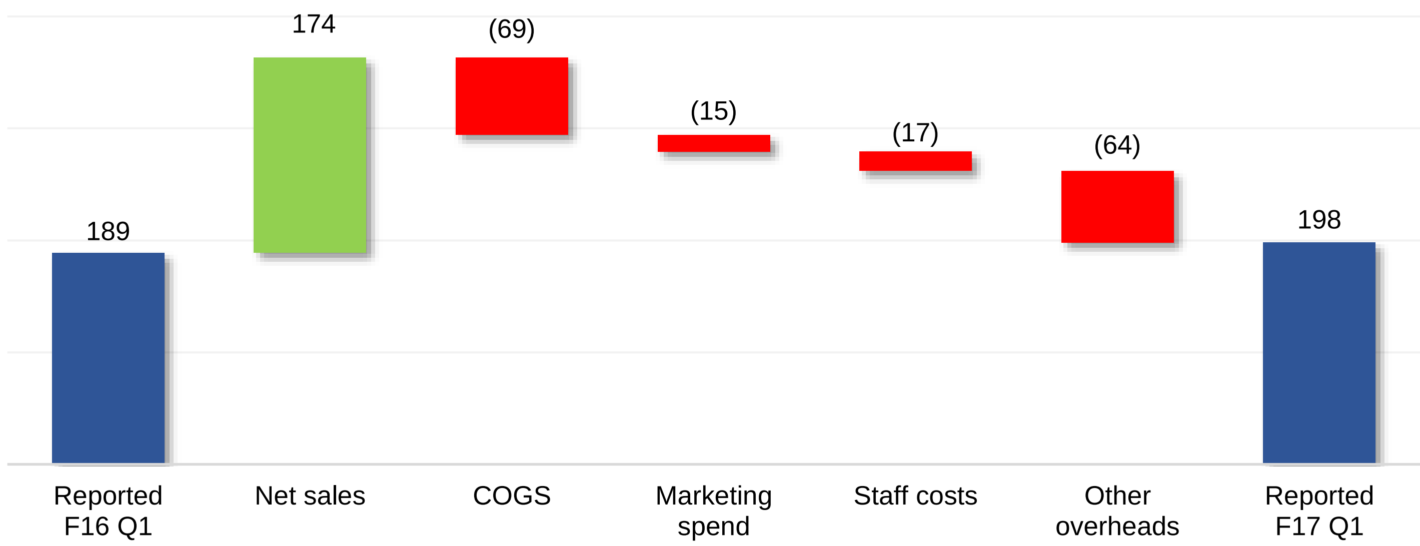
	F17 Q1	F16 Q1	Growth %
Net sales	**2,041**	1,866	9
COGS	**(1,158)**	(1,089)	(6)
Gross profit	**883**	777	14
Staff cost	**(180)**	(163)	(11)
Marketing spend	**(167)**	(152)	(10)
Other Overheads	**(337)**	(273)	(23)
EBITDA	**198**	189	5
Exchange / Other Income	**21**	15	47
Depreciation	**(26)**	(25)	(5)
EBIT	**194**	179	8
Interest	**(103)**	(128)	20
PBT before exceptional items	**91**	50	81
Exceptional items	**(22)**		
PBT	**69**	50	38
Tax	**(25)**	(39)	35
PAT	**44**	12	277

Net sales growth (Rs. Crores)



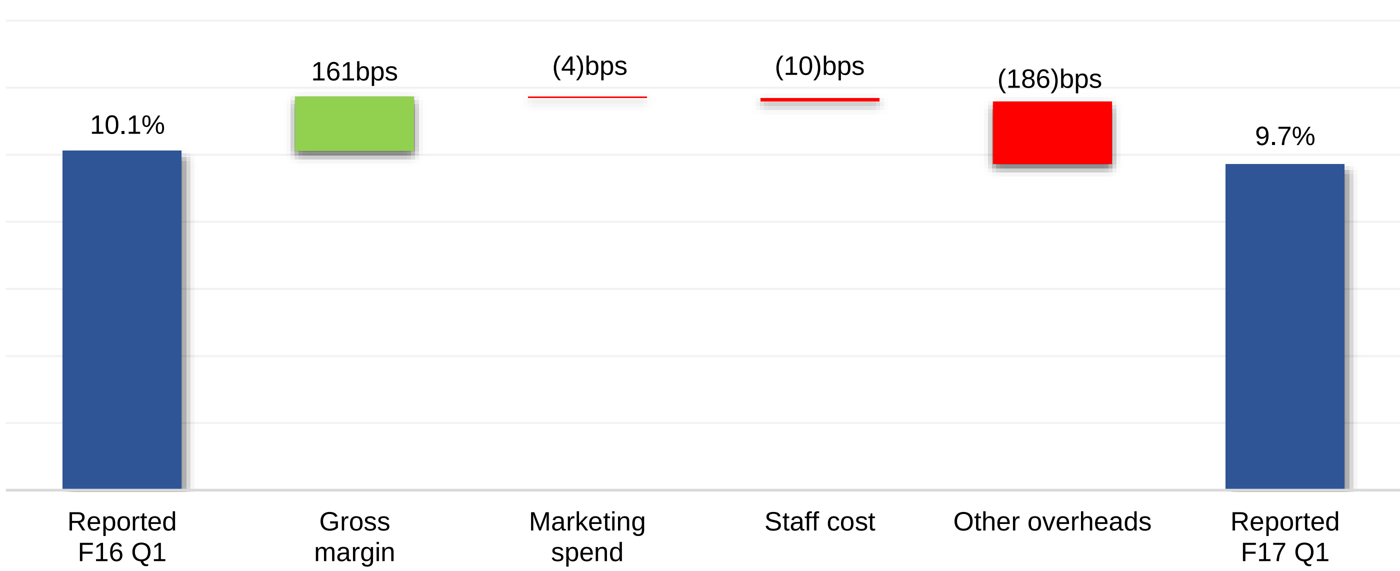
Reported net sales were up 9% driven by positive state and brand mix. Continued focus on premiumisation coupled with our renovation strategy behind our power brands led to 21% net sales growth in the Prestige & Above segment.

EBITDA growth (Rs. Crores)



EBITDA was up 5%, primarily driven by net sales growth of the Prestige & Above segment. We continue to invest behind our brands with an increase in our marketing investment of 10% versus last year, ahead of top line growth. The increase in other overheads is driven by incremental inventory impact due to Bihar prohibition, additional tax levies in certain states and investments in building internal systems, processes and capabilities.

Change in EBITDA margin (%)



EBITDA margin of 9.7% decreased by 40bps compared to last year. Gross margin improvement was driven by productivity initiatives and the strong performance of the Prestige & Above segment in line with our portfolio premiumisation strategy. Increase in other overheads explained above negatively impacted margin.

Underlying EBITDA margin of 10.5% was up 42bps excluding one off impact.

Brand and segment review

- The **Prestige & Above segment** represents 42% of total volumes and 57% of total net sales, up 4ppts and 5ppts respectively compared to last year. Continued focus on premiumisation led to volume increase of 11% with net sales up 21% fuelled by strong growth of McDowell's No. 1 whisky, Royal Challenge and Signature following brand relaunches.

  - Good performance of the McDowell's No 1. whisky core variant continued to be driven by our succesful renovation strategy and grew volumes 26% and net sales 20%. This growth was partially offset by decline in other McDowell's No 1. variants.

  - Following the exceptional growth of **Royal Challenge** last year, momentum continued in this quarter and volume grew 48% and net sales 46%.

  - The re-launch of **Signature** started towards end of Q4 last year and it returned to growth in the first quarter with volume up 6% and net sales up 7%.

  - **Antiquity Blue** grew both volume and net sales.

  - The **Diageo brand portfolio** added Rs. 163 Crore of net sales in the first quarter and grew 269%, lapping a soft quarter last year.

- The **Popular segment** represents 58% of total volumes and 43% of total net sales, down 4ppts and 5ppts respectively compared to last year. The total popular segment declined volume 7% and net sales 8% driven by McDowell's Brandy. In line with our selective participation strategy investments were focused behind McDowell's No 1. Rum, Bagpiper, Director's Special and Old Tavern Whisky which grew in volume and net sales in the priority states.

Appendix

Transition to Ind AS

Pursuant to the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) issued by the Ministry of Corporate Affairs (MCA), United Spirits Limited ("the Company" or "USL") has prepared the financial results for the quarter ended June 30, 2016 in accordance with the requirements of Indian Accounting Standards (Ind AS) ("Results"). The results for the quarter ended June 30, 2015, March 31, 2016 and the financial results for the year ended March 31, 2016 have also been restated by the Company as per the requirements of Ind AS.

Reconciliation of financial results from erstwhile Indian GAAP to Ind AS for the quarter ended June 30, 2016 versus June 30, 2015

	F16 Q1		F17 Q1		Growth %	
Rs Crore	as per IGAAP	**as per Ind AS**	as per IGAAP	**as per Ind AS**	as per IGAAP	**as per Ind AS**
Gross sales	5,146	**5,449**	5,641	**5,840**	10	**7**
Excise duty	(3,158)	**(3,600)**	(3,365)	**(3,813)**	(7)	**(6)**
Net sales	2,006	**1,866**	2,289	**2,041**	14	**9**
COGS	(1,146)	**(1,089)**	(1,316)	**(1,158)**	(15)	**(6)**
Gross profit	860	**777**	974	**883**	13	**14**
Staff cost	(165)	**(163)**	(183)	**(180)**	(11)	**(11)**
Marketing spend	(217)	**(152)**	(254)	**(167)**	(17)	**(10)**
Other Overheads	(276)	**(273)**	(341)	**(337)**	(23)	**(23)**
EBITDA	202	**189**	196	**198**	(3)	**5**
FX / Other Income	15	**15**	21	**21**	47	**47**
Depreciation	(25)	**(25)**	(26)	**(26)**	(5)	**(5)**
EBIT	192	**179**	191	**194**	-	**8**
Interest	(128)	**(128)**	(103)	**(103)**	20	**20**
PBT before exceptional items	63	**50**	88	**91**	39	**81**
Exceptional items	-	**-**	(22)	**(22)**	-	**-**
PBT	63	**50**	66	**69**	4	**38**
Tax	(43)	**(39)**	(24)	**(25)**	43	**35**
PAT	20	**12**	42	**44**	109	**277**
Total comprehensive income/(loss)	20	**(46)**	**42**	**42**	**-**	-
Key performance indicators:	%	**%**	**%**	**%**	**%**	%
Gross margin	42.9	**41.7**	42.5	**43.3**	(0.4)	**1.6**
EBITDA margin	10.1	**10.1**	8.5	**9.7**	(1.5)	**(0.4)**
Marketing investment as a % of net sales	10.8	**8.2**	11.1	**8.2**	0.3	**-**

Reconciliation of financial results from erstwhile Indian GAAP to Ind AS for the quarter ended June 30, 2015, June 30 2016

Rs Crore	F16 Q1 as per IGAAP	TMU Gross up*	A&P expenses	Other	**F16 Q1 as per Ind AS**	F17 Q1 as per IGAAP	TMU Gross up*	A&P expenses	Other	**F17 Q1 as per Ind AS**
Gross sales	5,146	361	(78)	21	**5,449**	5,641	284	(101)	16	**5,840**
Excise duty	(3,158)	426		16	**(3,600)**	(3,365)	439		9	**(3,813)**
Net sales	2,006	(66)	(78)	5	**1,866**	2,289	(154)	(101)	7	**2,041**
COGS	(1,146)	(76)		19	**(1,089)**	(1,316)	(164)		6	**(1,158)**
Gross profit	860	11	(78)	(15)	**777**	974	10	(101)		**883**
Staff cost	(165)			(2)	**(163)**	(183)			(3)	**(180)**
Marketing spend	(217)		(64)		**(152)**	(254)		(87)		**(167)**
Other Overheads	(276)	11	(14)		**(273)**	(341)	10	(14)		**(337)**
EBITDA	202			(13)	**189**	196			3	**198**
FX / Other Income	15				**15**	21				**21**
Depreciation	(25)				**(25)**	(26)				**(26)**
EBIT	192			(13)	**179**	191			3	**194**
Interest	(128)				**(128)**	(103)				**(103)**
PBT before exceptional items	63			(13)	**50**	88			3	**91**
Exceptional items	-				**-**	(22)				**(22)**
PBT	63			(13)	**50**	66			3	**69**
Tax	(43)			(5)	**(39)**	(24)			1	**(25)**
PAT	20			(8)	**12**	42			2	**44**
Total comprehensive income/(loss)	20			(66)	**(46)**	**42**				**42**

**TMU gross up adjustment falls into two types which is the recognition of sales made by the TMU which increases net sales and one is the sale of product by the TMU to USL which reduces net sales.*

Reconciliation of financial results from erstwhile Indian GAAP to Ind AS for the year ended March 31, 2016

Rs Crore	F16 as per IGAAP	TMU Gross up*	A&P expenses	Sale of equity investment	Other	**F16 as per Ind AS**
Gross sales	22,242	1,589	(338)		(35)	**23,458**
Excise duty	13,210	1,995			(23)	**15,182**
Net sales	9,092	(406)	(338)		(12)	**8,336**
COGS	(5,306)	(453)			(8)	**4,861**
Gross profit	3,786	47	(338)		(20)	**3,475**
Staff cost	654				(19)	**635**
Marketing spend	966		(289)			**677**
Other Overheads	1,286	47	(49)			**1,285**
EBITDA	880				(1)	**879**
FX / Other Income	106					**106**
Depreciation	102				(1)	**101**
EBIT	884				(1)	**883**
Interest	447					**447**
PBT before exceptional items	437				(1)	**436**
Exceptional items	736			(854)		**(117)**
PBT	1,173			(854)	(1)	**319**
Tax	192				1	**193**
PAT	981			(854)	(2)	**126**
Total comprehensive income/(loss)	981			**(854)**	**4**	**132**
Key performance indicators:	%					**%**
Gross margin	41.6					**41.7**
EBITDA margin	9.7					**10.5**
Marketing investment as a % of net sales	10.6					**8.1**

**TMU gross up adjustment falls into two types which is the recognition of sales made by the TMU which increases net sales and one is the sale of product by the TMU to USL which reduces net sales.*

Certain key highlights of the impact of Ind AS on USL

There are certain areas of significant differences between the Indian GAAP standards as applicable to USL and the corresponding Ind AS standards that now apply to USL. The main areas of the differences impacting USL have been discussed below:

- **Accounting changes for third party manufacturing units fall into the following two types:**

  - Under Ind AS 18 on 'Revenue' there is explicit guidance on assessment of principal-agent relationships. The company has assessed its relationship with the third party manufacturing units (TMUs) and has identified that the TMUs act as the Company's agents and all their activities are carried out on behalf of USL. Accordingly, the results of the Company's activities with the TMUs which were hitherto being shown net in the financial statements of USL will henceforth have to be shown gross i.e. the revenues, costs, Inventory and Net assets of the TMUs activities relating to USL will be grossed up in the financial statements of USL and appropriate adjustments have been made in that regard. However, there is no impact at the profit after tax level as a result of these adjustments.
  - USL has an arrangement with certain TMUs where the goods produced by the TMU are sold back to USL and USL sells the finished product in the market. On these sales, the TMU is required to charge excise duty to USL. However, since we have established that in this relationship, USL is a principal, we also need to account for the excise duty as if it were duty that USL needs to bear. Under the erstwhile Indian GAAP, we have accounted for these purchases as a cost of purchase of stock in trade (including the excise duty that USL paid). We have therefore, reversed the excise

duty paid on sales by TMU to USL and classified along with excise duty. This is only a reclassification and does not impact the profit of the company.

- **Discounts, rebates and certain sales promotions activities linked to revenue transactions:** Under Indian GAAP, all expenditure pertaining to promotional activities were included within expenses and trade discounts were netted against revenue. Under Ind AS, certain expenses and discounts which were hitherto included in expenses will have to be set off against revenue as these are in the nature of additional discounts/consideration paid to customers.

- **Fair valuation of investments:** In Indian GAAP, long term investments are measured at cost less diminution in value that is other than temporary. Under Ind AS, investment in equity instruments (other than in subsidiaries, associates and joint arrangements) are measured at fair value with changes in fair value accounted in either in other comprehensive income (OCI) or Statement of Profit and Loss. USL has chosen to record investments in equity shares at fair value through OCI. Gain on sale of UBL Shares moved from P&L to Opening Reserve as on 1 April 2015.

- **Other comprehensive income (OCI):** Under Ind AS, any investments that the company makes in equity instruments of another company (other than in a subsidiary, associate or joint venture) is required to be fair valued. Accordingly, at each period end, the company would need to record the investment in its balance sheet at its fair market value. The Company has a policy choice of recording the movements in fair values, both positive and negative, either in the profit and loss account or in the other comprehensive income (OCI). The Company has chosen to record such movements in OCI in order to reduce any volatility in the profit and loss account.

- Other Ind AS impact includes reversal of borrowing cost on maturing spirits, reclassification of actuarial gain or loss to other comprehensive income, etc.

- There is a change in point of revenue recognition for sales made to government corporations as a result of our transition to Ind AS.

- The Ind As impact summary has been prepared based on the format of the SEBI circular CIR/CFD/CMD/15/2015 dated 30.11.2015.

Cautionary statement concerning forward-looking statements

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	Investor Relations mailbox	Investor_relations@unitedspirits.in

Conference call and live Q&A session

Anand Kripalu, Managing Director and Chief Executive Officer and **Sanjeev Churiwala**, Chief Financial Officer will be hosting a Q&A session on Wednesday **27th July 2016 at 12:00 pm (Noon, IST time).**

If you would like to join to the Q&A session please use the below dial in details.

Conference Dial In Information

Click here for your DiamondPass™

URL:
http://services.choruscall.in/diamondpass/registration?confirmationNumber=3820918
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International Toll Number		• HongKong - 85230186877 • Singapore - 6531575746 • UK - London - 442034785524 • USA – Los Angeles - 13233868721