UNITED SPIRITS LIMITED

A DIAGEO Group Company

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

Part I: Statement of Standalone Unaudited Results for the quarter and nine months ended December 31, 2015

(Rs. In Crores)

	3 months ended December 31,	Previous 3 months ended September 30,	3 months ended December 31,	Nine months ended December 31,		Previous year ended March 31,
	2015	2015	2014	2015	2014	2015
	Unaudited	Unaudited	Unaudited (Refer note 2)	Unaudited	Unaudited (Refer note 2)	Audited
1 **Income from operations**	**6,285.10**	**5,215.77**	**5,560.15**	**16,646.98**	**15,477.18**	**20,502.54**
Less: Excise duty	3,647.01	3,093.60	3,413.12	9,898.32	9,536.56	12,550.89
(a) **Net sales / Income from operations**	**2,638.09**	**2,122.17**	**2,147.03**	**6,748.66**	**5,940.62**	**7,951.65**
(b) Other operating income, net	12.49	23.30	30.19	41.53	66.81	97.69
Total income from operations (net)	**2,650.58**	**2,145.47**	**2,177.22**	**6,790.19**	**6,007.43**	**8,049.34**
2 **Expenses:**						
a) Cost of materials consumed	1,072.06	838.06	1,048.33	2,850.17	2,999.89	3,578.23
b) Purchase of stock-in-trade	614.82	351.77	303.20	1,285.80	611.45	1,211.03
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(128.78)	52.27	(46.70)	(190.19)	(65.62)	(20.50)
d) Employee benefits expense	174.73	167.15	137.74	506.71	406.98	618.50
e) Depreciation and amortisation expense	25.58	24.22	23.95	74.84	72.76	109.74
f) Other expenses:						
i) Advertisement and sales promotion	301.95	167.26	206.25	685.96	590.06	786.80
ii) Others	346.59	251.27	295.37	862.87	854.49	1,364.78
Total expenses	2,406.95	1,852.00	1,968.14	6,076.16	5,470.01	7,648.58
3 **Profit / (loss) from operations before other income, finance costs and exceptional items (1-2)**	**243.63**	**293.47**	**209.08**	**714.03**	**537.42**	**400.76**
4 a) Other income	**3.34**	4.18	29.31	11.94	94.29	159.98
b) Exchange difference - gain / (loss), net	**(7.62)**	1.84	(6.67)	4.37	(8.78)	(24.25)
5 **Profit / (loss) from ordinary activities before finance costs and exceptional items (3+4)**	**239.35**	**299.49**	**231.72**	**730.34**	**622.93**	**536.49**
6 Finance costs	107.66	110.00	148.47	346.04	458.59	592.96
7 **Profit / (loss) from ordinary activities after finance costs but before exceptional items (5-6)**	**131.69**	**189.49**	**83.25**	**384.30**	**164.34**	**(56.47)**
8 Exceptional items (net) (Refer Note 13)	(42.12)	799.45	-	757.33	(116.70)	(1,871.67)
9 **Profit / (loss) from ordinary activities before tax (7 + 8)**	**89.57**	**988.94**	**83.25**	**1,141.63**	**47.64**	**(1,928.14)**
10 **Tax expense**	48.62	59.64	8.52	151.47	55.66	28.34
11 **Net profit / (loss) from ordinary activities after tax (9-10)**	**40.95**	**929.30**	**74.73**	**990.16**	**(8.02)**	**(1,956.48)**
12 Extraordinary Items (Net of tax expense)	-	-	-	-	-	-
13 **Net profit / (loss) for the period (11-12)**	**40.95**	**929.30**	**74.73**	**990.16**	**(8.02)**	**(1,956.48)**
14 Paid-up equity share capital (Face value Rs.10)	145.33	145.33	145.33	145.33	145.33	145.33
15 Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						1,796.75
16 **Earnings per share of Rs.10 each (not annualised):**						
a) Basic	2.82	63.94	5.14	68.13	(0.55)	(134.62)
b) Diluted	2.82	63.94	5.14	68.13	(0.55)	(134.62)

UNITED SPIRITS LIMITED

A DIAGEO Group Company

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

Rs in Crs

Statement of Standalone Unaudited Results for the quarter and nine months ended December 31, 2015

Particulars	Quarter ending Oct-Dec 15	Current Year ending Apr-Dec 15	Corresponding 3 month ended in the previous year Oct-Dec 14
Total Income from operations (net)	2,650.58	6,790.19	2,177.22
Net Profit/(Loss) from ordinary activities after tax	40.95	990.16	74.73
Net Profit/(Loss) for the period after tax(after Extraordinary items	40.75	990.16	74.73
Equity Share Capital	145.33	145.33	145.33
Reserves (excluding revaluation Reserve as shown in the Balance sheet of Previous year)			
Earning Per Share (before exraordinary items) (of Rs. 10/- each)			
Basic :	2.82	68.13	5.14
Diluted:	2.82	68.13	5.14

Note: The above is an extract of the detailed format of Quarterly/Annual Financial Results file with the Stock Exchange under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations,2015. The full format of the Quarterly/Annual Financial Results are available on the Stock Exchange website.(URL of the filings)

For and on behalf of the Board of Directors

Place: Mumbai
Date: 27.01.2016

Nicholas Bodo Blazquez
Vice Chairman

United Spirits Limited

Unaudited Financial Results for the quarter ended December 31, 2015

Notes:

1. United Spirits Limited ("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, which constitute a single business segment. The Company is primarily organized 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 in standalone financial results envisaged in AS-17 on "Segment Reporting" notified under the Companies (Accounting Standard) Rules 2006. 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.

2. For the purpose of disclosures in these financial results, the figures for the quarter and nine months ended December 31, 2014, have been adjusted to give effect to the demerger of the Chennai Unit from the appointed date of April 1, 2013.

3. The Board of Directors at their meeting held on January 8, 2014, approved the amalgamation of 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 April 1, 2013 ("TERN Scheme"). The entire operations of TERN comprise transactions with the Company. The net impact on the financial results 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 March 18, 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 accompanying statement of financial results.

4. The Scheme of Amalgamation between the Company and SW Finance Co. Limited, a wholly owned subsidiary of the Company ("SWFCL"), under Section 391 and 394 read with Sections 100 to 103 of the Companies Act, 1956 (the "Scheme") with the appointed date of January 1, 2014 has been sanctioned by the Hon'ble High Court of Karnataka and Hon'ble High Court of Judicature at Bombay under the orders dated June 12, 2015 and August 28, 2015 respectively. Upon necessary filings with the respective Registrars of Companies, the Scheme has become effective from September 28, 2015 (the 'Effective Date') and effect thereof has been given in the financial results for the quarter and six months ended September 30, 2015.

5. Further to the sale of the White & Mackay Group Limited, and the letter dated October 16, 2014 received from the authorised dealer, the Company is in the process of liquidating or restructuring the intermediary wholly owned subsidiaries. The Company will comply with the requisite conditions specified by the authorised dealer and obtain the necessary approvals in accordance with the applicable law.

6. During the financial year ended March 31, 2014, the Board directed a detailed and expeditious inquiry in relation to certain matters, including those referred to in paragraphs (a) and (b) 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 April 25, 2015, the Board discussed and considered in detail the report submitted by the MD & CEO in relation to the Inquiry ("Inquiry Report"), the inputs and expert advice of the independent advisers and specialists and other relevant inputs.

a) During the financial year ended March 31, 2014, certain parties who had previously given undisputed balance confirmations for the financial year ended March 31, 2013, claimed in their balance confirmations to the Company for the financial year ended March 31, 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 Rs. 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. Management sought confirmations of balances from these counterparties for the year ended March 31, 2015, but did not receive 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 year ended March 31, 2014. 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 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.

   During the year ended March 31, 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 results 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 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. During the quarter ended September 30, 2015, the Company had reached a settlement with one of the parties pursuant to which the party had withdrawn claims aggregating Rs.27.86 Crores. Accordingly, provision amounting to Rs.27.86 crores has been written back.

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 March 31, 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. Such dues (together with interest) aggregating Rs.1,337.40 Crores, 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. 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.

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 July 3, 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 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.

During the year ended March 31, 2014, as a matter of prudence, the Company had not recognised interest income of Rs. 96.31 Crores and had provided Rs.330.32 Crores towards the principal outstanding as at March 31, 2014. The notes to accounts for the year ended March 31, 2014 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 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, interest payable by UBHL to the Company in January 2015 amounted to Rs.191.10 Crores (gross of tax) and a further interest amounting to Rs. 127.05 Crores (gross of tax) was due in January 2016. However, the Company is yet to receive such interest payments from UBHL. The Company received letters from UBHL stating that it is involved in litigations with various creditors of Kingfisher Airlines Limited 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 and due to Court orders passed in winding up proceedings it is unable to pay such sums without leave of the Court which it proposes to seek.

As a result of the above and other relevant factors, as a matter of prudence, the Company had 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 March 31, 2014) and did not recognise interest income of Rs.120.70 Crores for the year ended March 31, 2015. Accordingly, the Company has also not recognised interest income of Rs.31.94 Crores and Rs.95.46 Crores for the quarter and nine months ended December 31, 2015 respectively. The Company will pursue all rights and claims to recover the entire amount of the loan together with accrued interest from UBHL and has written to UBHL demanding payment of all sums. As a result of the foregoing and other relevant considerations, subsequent to the end of the quarter ended December 31, 2015, the Company will be reassessing its available rights and remedies, including the option of joining the said winding up proceedings as a creditor.

Also refer Note 7 below in connection with the non-approval by the Company's shareholders of the loan agreement with UBHL (and of other potential related party transactions).

c) In relation to the Company's funds that were diverted from the Company, the Board of Directors at their meeting held on April 25, 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.

d) 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 made the following provisions with respect to such transactions: (a) Rs.67.81 Crores made in the Company's financial results for the financial year ended March 31, 2015, (b) Rs.44.54 Crores made in the Company's subsidiaries' financial statements for the financial year ended March 31, 2015, (c) Rs.15.70 Crores made in the year ended March 31, 2014 in the Company's financial statements, and (d) Rs.108.71 Crores made in the year ended March 31, 2014 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 therefore directed the MD & CEO 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 results. This review is currently underway.

7. As per the requirements of the then 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 had 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 then 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 and is continuing to seek the same and clarifications on the impacts/effects of the subsequent changes to the relevant SEBI rules.

Pending clarification / direction from SEBI on the above, the Company has recognised the charges up to November 28, 2014, in respect of the agreements listed in (c) to (g) and (i) above, amounting to Rs.135.73 Crores during the financial year ended March 31, 2015 (Rs. 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 recognised the charges amounting to Rs.188.43 Crores from November 29, 2014 to December 31, 2015 (including Rs. 46.75 crores and Rs.139.83 crores for the current quarter and nine months ended December 31, 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 November 28, 2014, in response to the letters received by the Company from the concerned counterparties, the Company has made payments amounting to Rs 8.04 Crores (includes a cheque of Rs 0.61 Crores which has not been encashed) 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) above for the period subsequent to November 28, 2014 and has considered these amounts as contingent liabilities. Also see Note 6(b) above in relation to the loan agreement listed above. During the nine months ended December 31, 2015, the Company received communications from some of the counterparties identified above stating that they do not qualify as related parties of the Company, to which the Company has responded. In addition, during the quarter ended December 31, 2015, the Company received a legal notice from one of the counter-parties, demanding payments of sums due under the relevant agreement for periods after November 28, 2014. The Company has suitably responded to this legal notice.

8. The managerial remuneration for the financial year ended March 31, 2015 aggregating Rs.6.49 Crores and Rs.15.31 Crores 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 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"). Accordingly, the Company has applied for the requisite approval from the Central Government for such excess remuneration.

9. The following letters/ notices were received by the Company with respect to the matters under Inquiry.

   a) The Company has received a notice from the Ministry of Corporate Affairs ("MCA") for an inspection, under Section 206(5) of the Act, of the books of accounts and other books and papers of the Company. Following the said inquiry, the Company and its directors and officers (including former directors and officers) have received a notice dated January 11, 2016 from the Joint Director, MCA requesting explanations and comments as to why action should not be initiated in relation to various contraventions alleged by the Joint Director under provisions of the Act. The Company is in the process of responding to this notice, which was received subsequent to the quarter ended December 31, 2015. 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.

b) 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.

c) 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 had provided its reply/ observations to the statutory auditors. Thereafter, the statutory auditors issued a report to the Central Government under Section 143(12) of the Act and the relevant rules thereunder.

d) The Company has also received letters from the National Stock Exchange Limited ("NSE") pursuant to SEBI circular no. CIR/CFD/DIL/7/2012 dated August 3, 2012 in relation to Form B, along with audited financial statements for the financial year ended March 31, 2014. SEBI has directed the NSE to advise the Company to suitably rectify/ provide relevant information/ explanations on the qualifications raised by the statutory auditors. The Company has suitably addressed the same to the extent possible and responded to the NSE's letters.

e) By a letter dated October 21, 2015, the Institute of Chartered Accountants of India has also sought a copy of the Inquiry Report, pursuant to the provisions of Section 21C of the Chartered Accountants Act, 1949. The Company has responded to the request.

f) By a letter dated October 29, 2015, the Company received a request from the Enforcement Directorate of the Government of India, seeking information and documents regarding USL's present and former joint ventures and wholly-owned subsidiaries abroad, including USL Holdings Limited (BVI) and its subsidiaries. The Company has responded to the Enforcement Directorate and provided the information sought, and assured the authorities of such further cooperation as may be sought by them.

g) By a warrant dated November 24, 2015, issued by the Office of the Tax Recovery Officer (TDS), the Company was informed that a certificate had been drawn up by the tax recovery officer against Kingfisher Airlines Limited, and its chairman cum managing director (who is also a director of the company), and stating that a sum of Rs 350.6 crores had not been paid in satisfaction of the said certificate. The Company was accordingly directed to serve a copy of the warrant on the said director, and unless after such service the said director "pays forthwith the said sum of Rs 350.60 crores together with interest at the rate of one and one-half per cent, for every month or part of a month" thereon, to proceed to attach the "salary, remuneration and allowances" of the director named in the warrant and to hold the same until further orders from the tax recovery officer. The Company has accordingly served such warrant and is withholding the said payments as required.

10. During the year ended March 31, 2014, the Company decided to prepay credit facilities availed in the earlier years from a bank, amounting to Rs.621.66 Crores, 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.628.00 Crores, including prepayment penalty of Rs.4.0 Crores, 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. The Company has disputed the same and a petition is pending before the Honourable High Court of Karnataka. On March 31, 2015, the bank demanded an amount of Rs.47.4 Crores towards principal and interest on the said loan, which the Company contested in the Honourable High Court of Karnataka. As per the order of the Honourable High Court of Karnataka, the Company plans to engage with the bank to commence discussions. Pending closure of this matter, the loan amount and balance available in cash credit account is presented on net basis. The tenure of the said credit facility has been completed as on March 31, 2015. Furthermore, during the nine months, 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 have, upon receiving notice of the said order, filed its 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, and is vigorously contesting the same. During the quarter ended December 31, 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 by the Hon'ble High Court.

11. The statutory auditors of the Company have carried out a limited review of the above standalone unaudited financial results for the quarter and nine months ended December 31, 2015. The statutory auditors have issued a qualified report in respect of the matter stated in Notes 6(a) & (d), 7 and 8 above. The review report of the statutory auditors is being filed with the NSE and BSE.

12. During the previous year, certain banks had sought to declare 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 Company understands from public records that the above-mentioned decisions of the banks declaring the said director as a wilful defaulter are pending in appeals before various courts. During the quarter ended December 31, 2015, one of these banks has declared the aforesaid director of the Company as a wilful defaulter. Previously, the said director had assured the Board that he will take appropriate steps to ensure that the operations of the Company are not impacted. In keeping with that assurance, the concerned director has notified the Company that he has written to the relevant bank contesting the said declaration. Based on the said assurance from the said director, appropriate comfort from the controlling shareholder of the Company and Management's assessment of the impact on credit facilities based on the ongoing discussion with its existing bankers, the financial results had been and continue to be prepared on a going concern basis.

13. Exceptional items for the current quarter includes: (a) Provision for loans and advances to subsidiaries Rs 10.53 Crores and (b) Based on the Management's estimate of the recoverability of the amounts receivable from the counterparty for the working capital changes in relation to a demerged unit, from the Appointed Date of April 1, 2013 to the Effective Date of March 30, 2015, the Company has made a further provision of Rs 31.53 Crores during the current quarter.

Exceptional items for the nine months ended December 31, 2015 include: (a) profit on sale of UBL Shares amounting to Rs.853.60 Crores and (b) provision for loans and advances to, and investments in subsidiaries amounting to Rs.64.68 Crores.

14. During the quarter ended December 31, 2015 USL's wholly owned subsidiary Asian Opportunities & Investments Limited (AOIL), has sold its entire interest in Bouvet Ladubay S.A. (and its wholly owned subsidiary Chapin Landais S.A.S). Consequent to the above sale Bouvet Ladubay S.A. (and its wholly owned subsidiary Chapin Landais S.A.S) ceased to be subsidiaries of the Company.

15. Subsequent to the quarter, on January 15, 2016, the Company has 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 consideration is subject to finalisation of accounts and deduction of taxes in Nepal. Further the sale is also subject to various regulatory approvals (both in India and Nepal) and other conditions precedent which are normal for such transactions,

16. Previous period's figures have been regrouped/ reclassified as per the current period's presentation for the purpose of comparability.

17. The above unaudited results have been reviewed by the audit committee of the Board and approved by the Board of Directors at its meeting held on January 27, 2016.

By authority of the Board

Nicholas Blazquez
Vice Chairman

Mumbai
January 27, 2016