

USL Holdings Limited

**Director's Report and Non-statutory Financial Statements
31 March 2023**

Registered number: 1385373 (BVI)

USL Holdings Limited
Registered number: 1385373 (BVI)
Year ended 31 March 2023

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USL Holdings Limited
Registered number: 1385373 (BVI)
Year ended 31 March 2023

Director's report

The director is pleased to submit its director's report, together with the audited non-statutory financial statements ("financial statements") for the year ended 31 March 2023.

Activities and future developments

The company is incorporated and domiciled as a private limited company in the British Virgin Islands. The registered address is Sea Meadow House, PO box 116, Road town, Tortola, VG1110, British Virgin Islands.

The company is an investment holding company. The director foresees no changes in the company's activities.

Going concern

On 23 July 2018 the Board of Directors of United Spirits Limited, the intermediate holding company of USL Holdings Limited ("the company") approved the voluntary liquidation of the company. The completion of the liquidation of the company is subject to regulatory approvals from Reserve Bank of India (Central bank of India). As a consequence, these financial statements are prepared on a basis other than going concern ("break up basis").

All assets and liabilities have been recognised as current at their fair value. On the basis of their assessment, the company's director estimated that the fair value approximates to the carrying value as at 31 March 2023. In arriving at this conclusion, the director has also considered the potential impact that the Covid-19 pandemic and the geographical situation in eastern Europe which was intensified on 24 February 2022 with Russia invasion of Ukraine. The war between two countries continue to affect the region and beyond such as inflation and global supply chain disruption. The company will keep reviewing the situation and believe that any impact would be minimal.

Financial

The results for the financial year ended 31 March 2023 are shown on page 8.

The loss for the financial year transferred to reserves was \$14,712(2022 – loss of \$13,484).

No dividend was paid during the year (2022 - \$nil) and there was no dividend proposed to be distributed to the shareholders in regard to the financial year (2022 - \$nil).

Director

The director of the company who was in office during the year and up to the date of signing the financial statements was as follows:

BG Management Limited

Director's remuneration

The company has provided \$3,500 (2022 - \$3,500) towards director's remuneration to BG Management Limited during the year.

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Director's report (continued)

Director's indemnity

As permitted by the Articles of Association, the director has benefit of an indemnity. The indemnity was in force throughout the tenure of the director during the last year and is currently in force.

Internal control and risk management over financial reporting

The company operates under the financial reporting processes and controls of the Diageo group ("the group"). The internal control and risk management systems over the financial reporting process of Diageo plc, which include those of the company, are discussed in the Diageo group's 2022 Annual Report on pages 42-45 at www.diageo.com, which does not form part of this report.

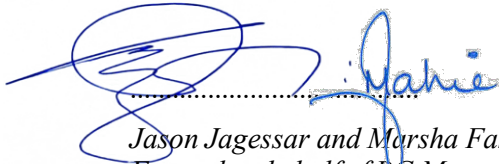
Independent auditors

The Independent auditors, PricewaterhouseCoopers LLP, is deemed to be reappointed and will continue in office.

Disclosure of information to the auditors

The director who held office at the date of approval of this director's report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Jason Jagessar and Marsha Fahie
For and on behalf of BG Management Limited - Director

Sea Meadow House
Road Town, Tortola,
VG1110 British Virgin Islands

15 May 2023

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law) for the purpose of assisting your parent company United Spirits Limited group to comply with section 129 of the The Companies Act, 2013 (Indian regulations) requiring an audit of the financial statements of its subsidiaries.

The director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the director is responsible for:

- selecting suitable accounting policies and then applying them consistently.
- stating whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company.

Independent auditors' report to the director of USL Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, USL Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended; and
- have been properly prepared in accordance with FRS 101 "Reduced Disclosure Framework".

We have audited the financial statements, included within the Director's Report and Non-statutory Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2023; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the director's reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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Responsibilities for the financial statements and the audit

Responsibilities of the director for the financial statements

As explained more fully in the Statement of director's responsibilities in respect of the financial statements, the director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to relevant tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as BVI Business Companies Act 2004. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results.. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal counsel, including inquiry regarding known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant board of directors meeting minutes
- As in all of our audits we also addressed the risk of management override of internal controls, including testing journals, and evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

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Use of this report

This report, including the opinion, has been prepared for and only for the company's director to assist your parent company, United Spirits Limited group, to comply with section 129 of the The Companies Act, 2013 (Indian regulations) requiring an audit of the financial statements of its subsidiaries in accordance with our engagement letter dated 23 March 2023 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
15 May 2023

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STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 March 2023	Year ended 31 March 2022
		\$	\$
Foreign exchange losses	2	(608)	(608)
Other operating expenses	2	(14,104)	(12,876)
Operating loss		<u>(14,712)</u>	<u>(13,484)</u>
Loss before taxation		<u>(14,712)</u>	<u>(13,484)</u>
Tax on loss		-	-
Loss and total comprehensive expense for the financial year		<u>(14,712)</u>	<u>(13,484)</u>
		<u>=====</u>	<u>=====</u>

The accompanying notes are an integral part of these financial statements.

The company had no other comprehensive income or expense during the current and previous year.

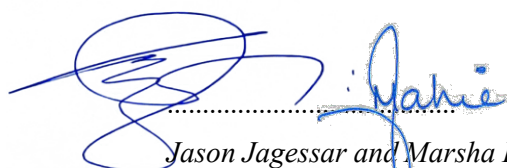
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BALANCE SHEET

	<i>Note</i>	As at 31 March 2023 \$	As at 31 March 2022 \$
Current assets			
Investments	3	1,603	1,603
Receivables from subsidiary undertakings	4	-	-
Cash and cash equivalents		447,671	455,242
Total assets		<u>449,274</u>	<u>456,845</u>
Creditors: amounts falling due within one year			
Trade and other payables	5	(84,267,800)	(84,260,659)
Net liabilities		<u>(83,818,526)</u>	<u>(83,803,814)</u>
Equity			
Called up share capital	6	766,640,114	766,640,114
Accumulated losses		(850,458,640)	(850,443,928)
Total equity		<u>(83,818,526)</u>	<u>(83,803,814)</u>

The accompanying notes on pages 11 to 17 form part of the financial statements.

These financial statements on pages 8 to 17 were approved by the board of director 15 May 2023 and were signed on its behalf by:



Jason Jagessar and Marsha Fahie
For and on behalf of BG Management Limited - Director

15 May 2023

USL Holdings Limited
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STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Accumulated losses	Total equity
	\$	\$	\$
Balance at 1 April 2021	766,640,114	(850,430,444)	(83,790,330)
Loss and total comprehensive expense for the year	-	(13,484)	(13,484)
Balance at 31 March 2022	<u>766,640,114</u>	<u>(850,443,928)</u>	<u>(83,803,814)</u>
Loss and total comprehensive expense for the year		(14,712)	(14,712)
Balance at 31 March 2023	<u><u>766,640,114</u></u>	<u><u>(850,458,640)</u></u>	<u><u>(83,818,526)</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (IFRS) but makes amendments where necessary as set out below where the FRS 101 disclosure exemptions have been taken.

These financial statements are prepared on a break up basis and all assets and liabilities have been recognised as current at the lower of their cost or recoverable value, which is equivalent to fair value.

The company is a subsidiary of Diageo plc and is included in the consolidated financial statements of Diageo plc which are publicly available.

The following exemptions from the requirement of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, ‘Presentation of financial statements’:
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 79(a)(iv) (comparative information requirements);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures).
- IAS 7, ‘Statement of cash flows’
- The following paragraphs of IAS 8, ‘Accounting policies, changes in accounting estimates and errors’:
 - 30 (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
 - 31 (disclosures relating to the new IFRS).
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, ‘Impairment of assets’ (disclosure when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management’s approach to determining these amounts)
- The following paragraphs of IAS 24 ‘Related party disclosures’:
 - 17 (key management compensation);
 - 18A (key management services provided by a separate management entity).
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- Paragraphs 91 to 99 of IFRS 13, ‘Fair value measurement’ (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

New accounting standards and interpretations

The following amendments to the accounting standards, issued by the IASB which have been endorsed by the UK, have been adopted by the group and therefore by the company from 1 April 2022 with no impact on the company's results, financial position or disclosures:

- Annual Improvements to IFRS 2018–2020, effective 1 January 2022.
- Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37), effective 1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16), effective 1 January 2022.
- Reference to the Conceptual Framework (Amendments to IFRS 3), effective 1 January 2022.

The following amendment and standard, issued by the IASB have not been adopted by the company:

- IFRS 17 – Insurance contracts (effective in the year ending 30 June 2024) is ultimately intended to replace IFRS 4. Based on a preliminary assessment the company believes that the adoption of IFRS 17 will not have an impact on its results or financial position.

There are a number of other amendments and clarifications to IFRS, effective in future years, which are not expected to significantly impact the company's results or financial position.

Going concern

On 23 July 2018 the Board of Directors of United Spirits Limited, the intermediate holding company of USL Holdings Limited approved the voluntary liquidation of the company. The completion of the liquidation of the company is subject to regulatory approvals from Reserve Bank of India (Central bank of India). As a consequence, these financial statements are prepared on a basis other than going concern ("break up basis").

All assets and liabilities have been recognised as current at their fair value. On the basis of the assessment, the company's director estimated that the fair value approximates to the carrying value as at 31 March 2023. In arriving at this conclusion, the director has also considered the potential impact that the Covid-19 pandemic and the geographical situation in eastern Europe which was intensified on 24 February 2022 with Russia invasion of Ukraine. The war between two countries continue to affect the region and beyond such as inflation and global supply chain disruption. The company will keep reviewing the situation and believe that any impact would be minimal.

Functional and presentational currency

These financial statements are presented in US dollars (\$), which is the company's functional currency.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at the financial year end exchange rates and these foreign exchange differences are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Investments

Investments in subsidiaries are stated at historical cost less impairment provisions for any permanent decrease in value. The carrying amounts of the company's investments are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated. Losses are recognised in the statement of comprehensive income and reflected in an allowance against the carrying value. Where an event results in the asset's recoverable amount being higher than the previously impaired carrying value, the original impairment may be reversed through the statement of comprehensive income in subsequent periods.

Financial assets and liabilities

Financial assets and liabilities are initially recorded at fair value including, where permitted by IFRS 9, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the company assesses whether there is evidence of impairment at each balance sheet date. The company classifies its financial assets and liabilities into the following categories: financial assets and liabilities at amortised cost, financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income. Where financial assets or liabilities are eligible to be carried at either amortised cost or fair value the company does not apply the fair value option.

Trade and other receivables Amounts owed by other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest bearing trade receivables are stated at their nominal value as they are due on demand. Allowance for expected credit losses is made based on the risk of non-payment taking into account ageing, previous experience, economic conditions and forward-looking data. Such allowance is measured as either 12-months expected credit losses or lifetime expected credit losses depending on changes in the credit quality of the counterparty.

Cash and cash equivalents Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade and other payables Amounts owed to other group companies are initially measured at fair value and are subsequently reported at amortised cost. Non-interest bearing trade payables are stated at their nominal value as they are due on demand.

Taxation

The company operates in British Virgin Islands and is not subject to any taxes on income.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements

The director makes estimates and judgements concerning the future. The resulting accounting judgements will, by definition, seldom equal the related actual results. The company's director is of the opinion that there are no estimates and judgements that have a significant risk of causing a material adjustment to the carrying value of the assets and liabilities for the company within the next financial year due to the nature of the business.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

2. OTHER OPERATING EXPENSES

	Year ended 31 March 2023	Year ended 31 March 2022
	\$	\$
Foreign exchange loss	608	608
Other external charges	14,104	12,876
	<u>14,712</u>	<u>13,484</u>

The foreign exchange loss arose on cash balances and inter company balances with other group undertakings.

Other external charges include the auditors' remuneration of \$6,945 (2022 - \$6,552) and \$3,500 (2022 - \$3,500) provided towards director's remuneration to BG Management Limited during the year. There were no fees payable to the auditors in respect of non-audit services (2022 - \$nil).

The company did not employ any staff during either the current or prior year.

All expenses related to liquidation will be borne by United Spirits Limited (USL), the holding company.

3. INVESTMENTS

Cost and carrying amount	Subsidiary \$
At 31 March 2022 and 31 March 2023	1,603

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows. Unless otherwise stated the percentage of shares held are in respect of ordinary share capital.

Direct holding	Country of incorporation (or residence)	Registered office address	Proportion of ownership interest %
<i>Subsidiary undertaking</i>			
USL Holdings (UK) Limited	England and Wales	Lakeside Drive, Park Royal, London, NW10 7HQ, England	100
Indirect holdings			
<i>Subsidiary undertakings</i>			
United Spirits (UK) Limited	England and Wales	Lakeside Drive, Park Royal, London, NW10 7HQ, England	100
United Spirits (Great Britain) Limited	England and Wales	Lakeside Drive, Park Royal, London, NW10 7HQ, England	100

NOTES TO THE FINANCIAL STATEMENTS (continued).

3. INVESTMENTS (continued)

The investments in subsidiary undertakings, are held at cost less, where appropriate, provision for impairment in value.

In the opinion of the director, the investment in and amounts due from the company's subsidiary undertakings are worth at least the amount at which they are stated in the financial statements.

4. RECEIVABLES FROM SUBSIDIARY UNDERTAKINGS

	31 March 2023	31 March 2022
	\$	\$
Current		
Amounts owed by fellow group undertakings	853,768,283	853,768,283
Impairment of receivables owed by fellow group undertakings	(853,768,283)	(853,768,283)
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Amounts owed by fellow group undertakings were interest free, unsecured and repayable on demand.

The amounts owed by fellow group undertakings are disclosed net of impairment of receivable from fellow group undertaking of \$850,238,528 (2022 - \$850,238,528) in respect of the company's immediate subsidiary undertaking, USL Holdings (UK) Limited and \$3,529,755 (2022 - \$3,529,755) in respect of Asian Opportunities and Investment Limited.

5. TRADE AND OTHER PAYABLES

	31 March 2023	31 March 2022
	\$	\$
Amounts owed to fellow group undertakings	84,215,836	84,215,836
Accruals	51,964	44,823
	<u>84,267,800</u>	<u>84,260,659</u>
	<u><u>84,267,800</u></u>	<u><u>84,260,659</u></u>

All amounts owed to fellow group undertakings are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. SHARE CAPITAL

Authorised, Allotted, called up and fully paid:

	31 March 2023
	\$
766,640,114 (2022 - 766,640,114) ordinary shares of \$1 each	766,640,114

7. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the company is United Spirits Limited, a company incorporated and registered in India.

The ultimate parent undertaking of the company is Diageo plc which is the ultimate controlling party of the group. The ultimate parent undertaking is the largest, United Spirits Limited is the smallest group to consolidate these financial statements. Diageo plc is incorporated and registered in England, United Kingdom. The consolidated financial statements of Diageo plc can be obtained from the registered office at Diageo, 16 Great Marlborough Street, London, United Kingdom, W1F7HS or from www.diageo.com. The consolidated financial statements of United Spirits Limited can be obtained from the registered office at UB Tower, #24, Vittal Mallya Road, Bengaluru 560 001 or from www.diageoindia.com.

8. CONTINGENT LIABILITY

In September 2014, the Board of Directors of United Spirits Limited (USL), the intermediate holding company of USL Holdings Limited, directed a detailed inquiry into certain matters referred to in the USL financial statements and Auditors' report for the year ended 31 March 2014 (Initial Inquiry). The Initial Inquiry report stated that between 2010 and 2013, funds involved in many of the transactions that were analysed, had been diverted from USL and/ or its subsidiaries to certain companies in the United Breweries Group, including in particular, Kingfisher Airlines Limited. On the question of the possible existence of any other transaction of a similar nature, the Initial Inquiry identified references to certain additional parties (Additional Parties) and matter (Additional Matter), where the documents identified raised concerns as to the propriety of the underlying transactions which could not be fully analysed during the Initial Inquiry. The Board of Directors of USL therefore 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 Matter, to determine whether these transactions with these Additional Parties or involving the Additional Matter also suffered from improprieties.

Notwithstanding the limitations posed by lack of access to complete documentation despite best efforts, the Additional Inquiry was concluded in July 2016. The Additional Inquiry prima facie revealed further instances of actual or potential fund diversions arising from improper transactions amounting to approximately \$111.29 million (INR 9,135 million) (2022 - \$120.31 million (INR 9,135 million)) as well as other potentially improper transactions involving USL and certain of its Indian and overseas subsidiaries amounting to approximately \$37.99 million (INR 3,118 million) (2022 - \$41.06 million (INR 3,118 million)). 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.

8. CONTINGENT LIABILITY (continued)

The improper transactions identified in the Additional Inquiry involved, in most cases, 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.

In particular, and as regards USL Holdings Limited, the Additional Inquiry indicated that:

- \$14.15 (2022- \$14.83) million appeared to have potentially been diverted from USL Holdings Limited; and transactions amounting to \$33.25 (2022- \$33.25) million to which USL Holdings Limited was a party, were potentially improper.

During the financial year ended 31 March 2017, USL Holdings Limited had made such disclosures and filings with such regulatory authorities as were appropriate, disclosing the findings of the Additional Inquiry in so far as they relate to USL Holdings Limited. There has been no correspondence with the said regulatory authorities to whom disclosure of findings of Additional Inquiry had been made.

During the year ended 31 March 2018, pursuant to USL undertaking a detailed review of each case of identified fund diversion, and after obtaining expert legal advice, USL has, where appropriate, filed civil suits for recovery of funds from certain parties, including USL's former non-executive chairman, Dr. Vijay Mallya, before the appropriate courts in India.

The above amounts identified in the Additional Inquiry with respect to USL Holdings Limited, have been previously provided for or expensed in the financial statements in prior years. At this stage, it is not possible for the director of USL Holdings Limited to estimate the financial impact on the entity, if any, arising out of potential non-compliance with applicable laws in relation to such fund diversions. The matter remains on-going as of 31 March 2023.