

United Spirits Limited

Registered Office:
UB Tower
#24 Vittal Mallya Road,
Bengaluru 560 001
Tel: +91 80 4544 8000
Fax: +91 80 3985 6862
www.diageoindia.com

26th July 2022

BSE Limited
Listing Department
Dalal Street,
Mumbai 400 001
Scrip Code: 532432

National Stock Exchange of India Limited
Exchange Plaza, C-1 Block G,
Bandra Kurla Complex,
Bandra East, Mumbai- 400051
Scrip Code: MCDOWELL-N

Dear Sirs,

Sub: Intimation of unaudited financial results for the quarter ended 30th June 2022 pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors of the Company at their meeting held today *inter-alia* approved the unaudited financial results (standalone and consolidated) of the Company for the quarter ended 30th June 2022. The same is enclosed.

Further the Limited Review Report received from the Statutory Auditors of the Company along with the Press Release are also enclosed.

The aforesaid information will be available on our website www.diageoindia.com. The meeting commenced at 14.45 hours IST and concluded at 18:22 hours IST.

This is for your information and records.

Thank you,

For United Spirits Limited



Mital Sanghvi
Company Secretary



Encl : as above



UNITED SPIRITS LIMITED

A DIAGEO Group Company

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

Tel +91 80 3985 6500, 2221 0705 | CIN: L01551KA1999PLC024991 | www.diageoindia.com

Unaudited Standalone Statement of Financial Results for the quarter ended June 30, 2022

(INR in Millions except for earnings per share data)

Particulars	3 months ended June 30, 2022	3 months ended March 31, 2022	3 months ended June 30, 2021	Previous year ended March 31, 2022
	Unaudited	Refer note 9	Unaudited	Audited
1 Income				
(a) Revenue from operations	68,815	76,667	60,619	3,07,311
(b) Other income	251	258	106	415
Total income	69,066	76,925	60,725	3,07,726
2 Expenses:				
(a) Cost of materials consumed	13,925	11,278	11,476	47,992
(b) Purchase of stock-in-trade	2,378	1,724	546	5,773
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,492)	1,183	(3,076)	(861)
(d) Excise duty	47,122	52,316	44,468	2,13,494
(e) Employee benefits expense	1,665	1,357	1,874	6,335
(f) Depreciation and amortisation expense	653	671	554	2,542
(g) Others:				
(i) Advertisement and sales promotion	1,403	1,312	838	6,892
(ii) Loss allowance on trade receivables and other financial assets (net)	(4)	(71)	50	(129)
(iii) Other expenses	3,076	3,301	2,766	12,708
(h) Finance costs	166	127	198	649
Total expenses	66,892	73,198	59,694	2,95,395
3 Profit / (loss) before exceptional items and tax (1 - 2)	2,174	3,727	1,031	12,331
4 Exceptional items, net (Refer Note 7)	(384)	(1,732)	(364)	(2,091)
5 Profit / (loss) before tax (3 + 4)	1,790	1,995	667	10,240
6 Income tax expense / (credit)				
(a) Current tax	515	558	241	2,593
(b) Current tax relating to earlier years	-	(51)	(192)	(243)
(c) Deferred tax charge / (credit)	(828)	126	(73)	192
Total tax expense / (credit)	(313)	633	(24)	2,542
7 Profit / (loss) for the period (5 - 6)	2,103	1,362	691	7,698
8 Other Comprehensive Income				
A. Items that will be reclassified to profit or loss	-	-	-	-
B. Items that will not be reclassified to profit or loss				
(i) Remeasurements of post-employment benefit plans	-	54	-	164
(ii) Income tax credit / (charge) relating to above	-	(13)	-	(41)
Total other comprehensive income, net of income tax	-	41	-	123
9 Total Comprehensive Income (7 + 8)	2,103	1,403	691	7,821
10 Paid up Equity Share Capital (Face value of INR 2/- each)	1,453	1,453	1,453	1,453
11 Other Equity				47,564
12 Earnings/ (loss) per share of INR 2/- each:				
Basic and Diluted (in INR)	2.89	1.87	0.95	10.59

UNITED SPIRITS LIMITED

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Unaudited Consolidated Statement of Financial Results for the quarter ended June 30, 2022

(INR in Millions except for earnings per share data)

Particulars	3 months ended June 30, 2022	3 months ended March 31, 2022	3 months ended June 30, 2021	Previous year ended March 31, 2022
	Unaudited	Refer note 9	Unaudited	Audited
1 Income				
(a) Revenue from operations	71,313	77,673	61,685	3,10,618
(b) Other income	262	238	78	355
Total income	71,575	77,911	61,763	3,10,973
2 Expenses:				
(a) Cost of materials consumed	14,043	11,226	11,620	47,969
(b) Purchase of stock-in-trade	2,378	1,724	546	5,773
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,468)	1,180	(3,171)	(827)
(d) Excise duty	47,122	52,316	44,468	2,13,494
(e) Employee benefits expense	1,723	1,424	1,915	6,531
(f) Depreciation, amortisation and impairment expense	831	774	743	3,038
(g) Others:				
(i) Advertisement and sales promotion	1,408	1,332	861	6,949
(ii) Loss allowance on trade receivables and other financial assets (net)	(4)	(71)	50	(129)
(iii) Other expenses	4,388	4,224	3,511	14,777
(h) Finance costs	225	165	254	880
Total expenses	68,646	74,294	60,797	2,98,455
3 Profit / (loss) before share of net profit / (loss) in associates, exceptional items and tax (1-2)	2,929	3,617	966	12,518
4 Share of net profit / (loss) in associates	(3)	-	-	-
5 Profit / (loss) before exceptional items and tax (3+4)	2,926	3,617	966	12,518
6 Exceptional items, net (Refer Note 7)	(384)	(1,204)	(453)	(1,652)
7 Profit / (loss) before tax (5 + 6)	2,542	2,413	513	10,866
8 Income tax expense / (credit)				
(a) Current tax	515	558	241	2,593
(b) Current tax relating to earlier years	18	(55)	(192)	(247)
(c) Deferred tax charge / (credit)	(602)	124	(39)	414
Total tax expense / (credit)	(69)	627	10	2,760
9 Profit / (loss) for the period (7-8)	2,611	1,786	503	8,106
10 Other Comprehensive Income				
A. Items that will be reclassified to profit or loss				
(i) Exchange differences on translation of foreign operations	(3)	13	12	1
B. Items that will not be reclassified to profit or loss				
(i) Remeasurements of post-employment benefit plans	-	54	-	164
(ii) Income tax credit / (charge) relating to above	-	(13)	-	(41)
Total other comprehensive income, net of income tax	(3)	54	12	124
11 Total Comprehensive Income (9+10)	2,608	1,840	515	8,230
12 Paid up Equity Share Capital (Face value of INR 2/- each)	1,453	1,453	1,453	1,453
13 Other Equity				48,084
14(a) Profit/ (loss) attributable to:				
Owners	2,662	1,817	555	8,286
Non-controlling interest	(51)	(31)	(52)	(180)
	2,611	1,786	503	8,106
14(b) Other comprehensive income attributable to:				
Owners	(3)	54	12	124
Non-controlling interest	-	-	-	-
	(3)	54	12	124
14(c) Total comprehensive income attributable to: [14(a) + 14(b)]				
Owners	2,659	1,871	567	8,410
Non controlling Interest	(51)	(31)	(52)	(180)
	2,608	1,840	515	8,230
15 Earnings/ (loss) per share of INR 2/- each: [Refer Note below]				
Basic and Diluted (in INR)	3.75	2.56	0.78	11.68

Note:

In calculating the weighted outstanding equity shares for all the periods considered in the Consolidated Statement of results, the Company has reduced its own shares held by USL Benefit Trust (of which the Company is the sole beneficiary).

United Spirits Limited

Notes to the unaudited Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2022

1. United Spirits Limited ('the Company' or 'the Holding Company') is engaged in the business of manufacture, purchase and sale of beverage alcohol and other allied spirits, including through tie-up manufacturing units and through strategic franchising of some of its brands in certain states. In addition, Royal Challengers Sports Private Limited, a subsidiary of the Company, holds the right to the Royal Challengers Bangalore (RCB) cricket franchise of the Indian Premier League (IPL).

The Executive Committee of the Company which has been identified as the Chief Operating Decision Maker of the Company assesses performance and allocates resources for the business of the Group as a whole and hence the management considers Group's business activities as a single operating segment.

2. The consolidated results include the following subsidiaries and a trust controlled by the Company ('the Group'):

Indian subsidiaries:

- Pioneer Distilleries Limited ("PDL")
- Royal Challengers Sports Private Limited
- Sovereign Distilleries Limited

Overseas subsidiaries:

- Asian Opportunities and Investments Limited
- McDowell & Co. (Scotland) Limited
- Montrose International S.A ("Montrose") (ceased to be a subsidiary w.e.f. April 16, 2021)
- Palmer Investment Group Limited
- Shaw Wallace Overseas Limited
- United Spirits (Great Britain) Limited
- United Spirits (Shanghai) Trading Company Limited
- United Spirits Singapore Pte Ltd
- United Spirits (UK) Limited
- USL Holdings Limited
- USL Holdings (UK) Limited

Trusts controlled by the Company:

- USL Benefit Trust

The consolidated results also includes the Group's share of total comprehensive income (comprising profit / loss for the period and other comprehensive income / loss) of the following associate companies:

- Hip Bar Private Limited (till August 3, 2021)
- Nao Spirits & Beverages Private Limited (w.e.f from April 29, 2022) (ownership interest in equity shares of 9.3%) [Refer Note 8]

3. These Standalone and Consolidated Statements of Financial Results have been prepared in accordance with the applicable Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other accounting principles generally accepted in India.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2022 – Contd.

4. Historical Matters

(a) Additional Inquiry and other regulatory matters

As disclosed in each of the annual financial statements commencing from year ended March 31, 2014, upon completion in April 2015 of an inquiry into past improper transactions ('Initial Inquiry') which identified references to certain additional parties and certain additional matters, the then MD & CEO, pursuant to the direction of the Board of Directors, carried out an additional inquiry into past improper transactions ('Additional Inquiry') which was completed in July 2016. The Additional Inquiry prima facie identified transactions indicating actual and potential diversion of funds from the Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appeared to be affiliated or associated with the Company's former non-executive chairman, Dr. Vijay Mallya, and other potentially improper transactions. All amounts identified in the Additional Inquiry have been provided for or expensed in the financial statements of the Company or its subsidiaries in the respective prior periods. The Company has filed recovery suits against relevant parties and individuals identified pursuant to the Additional Inquiry. Additionally, the Company has also filed a suit for recovery of excess managerial remuneration amounting to INR 134 million paid to the former Executive Director and CFO (ED & CFO) for the year ended March 31, 2015. The receivable recorded for excess managerial remuneration has been fully provided for.

As disclosed in each of the annual financial statements commencing from the year ended March 31, 2014, in relation to the above-mentioned Initial Inquiry and Additional Inquiry and the matters arising out of the settlement agreement dated February 25, 2016 entered into by the Company with Dr. Vijay Mallya pursuant to which, inter alia, the Company and Dr. Vijay Mallya agreed a mutual release in relation to matters arising out of the Initial Inquiry ('Agreement'), the Company received letters and notices from the Securities Exchange Board of India ('SEBI') during the year ended March 31, 2016 to which the Company has responded. There has been no further communication with SEBI on these matters since the Company's response in October 2017.

As disclosed in each of the annual financial statements commencing from the year ended March 31, 2014, in connection with the investigations carried out by the Directorate of Enforcement ('ED') under the Foreign Exchange Management Act, 1999 and Prevention of Money Laundering Act, 2002, the Company received letters and notices from ED during the year ended March 31, 2016, to which the Company responded. During the year ended March 31, 2022, the Company received a notice from the ED requesting for information, which the Company has provided. The Company has also received queries from its authorized dealer banks, based on queries from the Reserve Bank of India ('RBI'), with regard to remittances made in the prior years by the Company to its overseas subsidiaries, past acquisitions and Annual Performance Reports ('APR') for prior years, to which the Company has responded.

As disclosed in each of the annual financial statements commencing from the year ended March 31, 2019, with the objective of divesting its non-core assets, the Company reviewed its subsidiaries' operations, obligations, and compliances, and recommended a plan for rationalisation through sale, liquidation or merger ("Rationalisation Process"). After receiving approval from the Board, the Company is taking steps to implement this plan and has liquidated one overseas subsidiary, merged one overseas subsidiary into another and sold two subsidiaries, one of which was overseas and the other in India. The Rationalisation Process is subject to regulatory and other approvals (in India and overseas). If any historical non-compliances are established during the Rationalisation Process, the Company will consult with its legal advisors, and address any such issues including, if necessary, considering filing appropriate compounding applications with the relevant authorities. At this stage, it is not possible for the management to estimate the financial impact on the Company, if any, arising out of potential non-compliances with applicable laws, if established.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2022 – Contd.

(b) Preparation of financial statements of subsidiaries on liquidation basis

Consequent to the Rationalisation Process, the financial information of the following subsidiaries included in the consolidated financial results have been prepared on a liquidation basis (i.e. “break up” basis) i.e. (i) USL Holdings Limited, (ii) USL Holdings (UK) Limited, (iii) United Spirits (UK) Limited, (iv) United Spirits (Great Britain) Limited, (v) McDowell & Co. (Scotland) Limited, (vi) Shaw Wallace Overseas Limited (vii) United Spirits (Shanghai) Trading Company Limited (viii) Asian Opportunities and Investments Limited and (ix) United Spirits Singapore Pte Ltd. Accordingly, assets and liabilities of such subsidiaries have been recognised as current at their fair values that approximate to their carrying values as at June 30, 2022. Such remeasurement did not have any material impact on the consolidated financial results.

(c) Loan to United Breweries (Holdings) Limited ('UBHL')

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, the Company had pre-existing loans/ deposits/ advances/ accrued interest that were due to the Company and its subsidiaries from UBHL and its subsidiaries aggregating to INR 13,374 million and that were consolidated into, and recorded as, an unsecured loan through an agreement entered into between the Company and UBHL on July 3, 2013 ('Loan Agreement'). UBHL defaulted on its obligations to pay any amounts under the Loan Agreement. The Company has made provision in prior financial years for the entire principal amount due of INR 13,374 million, and for the accrued interest of INR 846 million up to March 31, 2014. The Company has not recognised interest income on said loan after March 31, 2014 which cumulatively amounts to INR 10,192 million up to June 30, 2022. The Company has offset INR 2,062 million payable to UBHL arising under a trademark agreement against the principal amount of loan and interest accrued thereon receivable from UBHL at June 30, 2022.

Since UBHL had defaulted on its obligations under the Loan Agreement, the Company sought redressal of disputes and claims through arbitration under the terms of the Loan Agreement. In April 2018, the arbitral tribunal passed a final award against the Company. The reasons for this adverse award were disputed by the Company, and the Company obtained leave from the High Court of Karnataka to challenge this arbitral award. In July 2018, the Company filed a petition challenging the said award before the Jurisdictional Court in Bangalore (the “Court”). The Court has issued notice pursuant thereto on the Official Liquidator and the hearing has commenced. Notwithstanding the arbitral award, based on management assessment supported by an external legal opinion, the Company has offset payable to UBHL under the trademark agreement against the balance of loan receivable from UBHL. The Company has filed its claim with the Official Liquidator. The Official Liquidator and the Company have exchanged certain correspondence during the quarter ended June 30, 2022.

(d) Dispute with IDBI Bank Limited

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, during the year ended March 31, 2014, the Company prepaid a term loan taken from IDBI Bank Limited (the “bank”) in earlier years which was secured by certain property, plant and equipment and brands of the Company as well as by a pledge of certain shares of the Company held by the USL Benefit Trust (of which the Company is the sole beneficiary). The bank disputed the prepayment, following which the Company filed a writ petition (“WP”) in November 2013 before the Hon'ble High Court of Karnataka ('High Court') challenging the actions of the bank.

In February 2016, following the original maturity date of the loan, the Company received a notice from the bank seeking to recall the loan and demanding a sum of INR 459 million on account of outstanding principal, accrued interest and other amounts as also further interest till the settlement date as per the security documents. The Company challenged this notice in the pending writ proceedings during which

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2022 – Contd.

the High Court directed that, subject to the Company depositing INR 459 million with the bank in a suspense account, the bank should not deal with any of the secured assets including the shares until disposal of the writ petition. The Company deposited the full amount, and the bank was restrained from dealing with any of the secured assets.

In June 2019, a single judge bench of the High Court dismissed the Company's writ petition, amongst other reasons, on the basis that the matter involved an issue of breach of contract by the Company and was therefore not maintainable in exercise of the court's writ jurisdiction. The Company filed an appeal against this order before a division bench of the High Court, which was admitted and interim protection on the secured assets was reinstated. The writ appeal is pending.

Based on management assessment supported by external legal opinions, the Company continues to believe that it has a strong case on merits and therefore continues to believe that the aforesaid amount of INR 459 million remains recoverable from the bank.

In a separate proceeding before the Debt Recovery Tribunal (DRT), Bengaluru, initiated by a consortium of banks (including the bank) for recovery of loans advanced by the consortium of banks to Kingfisher Airlines Limited (KAL), the bank filed an application for attachment of the pledged shares belonging to USL Benefit Trust. DRT dismissed the said application of the bank and the bank filed an appeal against this order before the Debt Recovery Appellate Tribunal ('DRAT'), Chennai in September 2017. The bank's appeal is pending for final hearing by the DRAT. There have been no developments with respect to this matter during the quarter ended June 30, 2022.

(e) Difference in yield of certain non-potable intermediates and associated process losses

As disclosed in each of the annual financial statements commencing from year ended March 31, 2019, the Company came across information suggesting continuing past practices that may have resulted in yields of certain non-potable intermediates and associated process losses in the liquor manufacturing process being higher than what has been reported to the relevant regulatory authorities (the 'Authorities') as per the records being maintained in certain plants (the 'Affected Plants').

With prior information to, and engagement with, the Authorities, the Company also engaged independent third-party experts to undertake a physical verification of the inventory of intermediates on a sample basis in the Affected Plants and shared these reports with the Authorities. Based on the understanding and discussion with such Authorities and advice received from external legal counsels, the Company has discharged and provided the amounts of financial obligation (which were determined to be not material) in the financial statements.

Under the direction of the board of directors, the management had engaged an independent law firm to conduct a review of past practices in this area and during the quarter ended June 30, 2019, taken appropriate action, where a violation of the Company's code of business conduct had occurred.

There have been no developments with respect to this matter during the quarter ended June 30, 2022.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2022 – Contd.

5. Proposed merger of Pioneer Distilleries Limited with United Spirits Limited

The Board of Directors (“Board”) of PDL and of the Company at their meetings held on December 2, 2019 considered and approved a scheme of amalgamation and arrangement (the “Scheme”) in relation to the proposed merger of PDL with the Company under Sections 230 – 232 and other applicable provisions of the Companies Act, 2013 and the rules thereunder. Upon completion of the merger, the non-promoter shareholders of PDL will receive 10 equity shares of the Company (face value of INR 2 each) for every 47 equity shares of PDL (face value of INR 10 each), held by them as on the record date. Post the merger, the Company’s issued capital is expected to expand by 712,138 shares and the revised shareholding of Relay BV (the holding company, a subsidiary of Diageo plc) in the Company will change from 55.94% to 55.88%. The Scheme is subject to the receipt of requisite approvals from the relevant statutory authorities. The BSE Limited and the National Stock Exchange of India Limited have issued their no-objection to the draft scheme and related documents filed, vide observation letters dated October 21, 2020 and October 22, 2020, respectively.

The Company, jointly with PDL, has filed an application under Sections 230 to 232 of the Companies Act, 2013 on November 27, 2020 with the National Company Law Tribunal, Bangalore (“NCLT”), and again an Interlocutory Application was filed before NCLT on April 7, 2021. Based on the order of the NCLT received on August 18, 2021, the Company and PDL convened meetings of their respective equity shareholders, and the Company also convened a meeting of its unsecured creditors, on September 30, 2021. The Scheme was approved with requisite majority at these meetings. Subsequently, a joint petition to sanction the Scheme has been filed by USL and PDL with the NCLT on October 02, 2021. Company’s petition was heard by the NCLT on January 12, 2022 and April 18, 2022. The matter was not discussed at the NCLT hearing held on May 27, 2022 and the next hearing before the NCLT is scheduled on August 3, 2022.

The impact of the above merger will be given effect in the financial results upon approval of the Scheme by the NCLT and completion of the required regulatory filings.

6. Following the strategic review of select popular brands announced on February 23, 2021, the Board of Directors of the Company, on May 27, 2022, approved the sale of business undertaking associated with 32 brands and franchising of 11 popular brands to an unrelated party. The parties have executed definitive agreements in relation to this sale on May 27, 2022. The transaction is subject to the approval of the shareholders and other customary closing conditions. The transaction will be recognised in the standalone and consolidated financial results in the period in which the closing conditions are satisfied and the sale is completed.

Pursuant to execution of definitive agreements between the Company and the buyer, the Company has reassessed and recognised deferred tax asset on the brought forward long-term and short-term capital losses amounting to INR 753 Million during the quarter ended June 30, 2022.

7. Exceptional items

During the quarter, the Company announced a Voluntary Separation Scheme (VSS) covering permanent workmen at four factories. Pursuant to the Scheme, the Company has recognised an amount of INR 384 million as employee separation costs which is presented as an exceptional item in the standalone and consolidated financial results for the quarter ended June 30, 2022.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2022 – Contd.

8. Investment in Nao Spirits

On April 29, 2022, the Company invested INR 315 million in Nao Spirits & Beverages Private Limited (“Nao Spirits”) by subscribing to 8,094 Compulsory Convertible Preference Shares and 4,670 equity shares of Nao Spirits, resulting in the Company holding 22.5% ownership interest on a fully diluted basis. The Company has a call option to acquire remaining shares held by the other shareholders of Nao Spirits at a pre-determined valuation methodology. Management has considered Nao Spirits to be an associate with effect from April 29, 2022, since the Company has significant influence over its operating and financing decisions.

9. Figures for the quarter ended March 31, 2022, are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the third quarter of the previous financial year, as adjusted for certain regroupings/ reclassifications, where considered necessary.
10. The Statement of Standalone and Consolidated Financial Results for the quarter ended June 30, 2022 have been reviewed by the Audit Committee of the Company and approved by the Board of Directors of the Company at their meetings held on July 26, 2022.

DIBYENDU Digitally signed
by DIBYENDU
MAJUMDE MAJUMDER
R Date: 2022.07.26
17:29:07 +05'30'

Place: Bengaluru
Date: July 26, 2022

By authority of the Board

HINA Digitally signed by HINA
NAGARAJAN NAGARAJAN
Date: 2022.07.26 16:57:50
+05'30'

Hina Nagarajan
Managing Director and Chief Executive Officer

Price Waterhouse & Co Chartered Accountants LLP

Review Report

To
The Board of Directors
United Spirits Limited
UB Tower
#24 Vittal Mallya Road
Bengaluru 560 001

1. We have reviewed the consolidated unaudited financial results of United Spirits Limited (the “Holding Company”), its subsidiaries and a trust controlled by it (together referred to as the “Group”), and its associate companies (refer Note 2 to the Unaudited Consolidated Financial Results) for the quarter ended June 30, 2022 which are included in the accompanying ‘Unaudited Consolidated Statement of Financial Results for the quarter ended June 30, 2022’ (hereinafter referred to as the “Consolidated Financial Results”). The Consolidated Financial Results is being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”).
2. This Consolidated Financial Results, which is the responsibility of the Holding Company’s Management and has been approved by the Holding Company’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Consolidated Financial Results based on our review.
3. We conducted our review of the Consolidated Financial Results in accordance with the Standard on Review Engagements (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 Consolidated Financial Results is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations to the extent applicable.
5. The Consolidated Financial Results includes the results of the following entities:

Indian subsidiaries

- Pioneer Distilleries Limited
- Royal Challengers Sports Private Limited
- Sovereign Distilleries Limited

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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLP

Overseas subsidiaries

- Asian Opportunities and Investments Limited
- McDowell & Co. (Scotland) Limited
- Montrose International S.A (liquidated on April 16, 2021)
- Palmer Investment Group Limited
- Shaw Wallace Overseas Limited
- United Spirits (Great Britain) Limited
- United Spirits (Shanghai) Trading Company Limited
- United Spirits Singapore Pte Ltd
- United Spirits (UK) Limited
- USL Holdings Limited
- USL Holdings (UK) Limited

Trust controlled by the Company

- USL Benefit Trust

The Consolidated Financial Results also includes the Group's share of total comprehensive loss (comprising loss for the period and other comprehensive income) of the following associate companies:

- Hip Bar Private Limited (ceased to be an associate with effect from August 3, 2021)
- Nao Spirits & Beverages Private Limited (with effect from April 29, 2022)

6. Based on our review conducted and procedures performed as stated in paragraphs 3 and 4 above, nothing has come to our attention that causes us to believe that the accompanying Consolidated Financial Results has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. We draw your attention to the following matters:
 - a. As explained in Note 4(a) to the Consolidated Financial Results regarding the uncertainties post completion of the Initial Inquiry, which identified references to certain Additional Parties and certain Additional Matters, the then MD & CEO of the Holding Company, pursuant to the direction of the Board of Directors of the Holding Company, had carried out an Additional Inquiry that revealed transactions indicating actual and potential diversion of funds from the Holding Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appear to be affiliated or associated with the Holding Company's erstwhile non-executive Chairman and other potentially improper transactions. Post completion of Additional Inquiry certain regulatory notices and communications were received from Securities and Exchange Board of India, Directorate of Enforcement and Authorised Dealer banks to which the Holding Company has responded. Subsequently, the Holding Company commenced the rationalisation process for divestment/ liquidation/ merger of certain overseas subsidiaries including step down subsidiaries and completion of the above rationalisation process is subject to regulatory approvals in India and overseas.

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The Holding Company filed suits for recovery of certain amounts against relevant parties and individuals identified in the Additional Inquiry including excess managerial remuneration paid to the former Executive Director and CFO which have been fully provided for or recognised as expense in prior years. The management is currently unable to estimate the financial impact on the Holding Company, if any, arising out of potential non compliances with applicable laws as above.

- b. As explained in Note 4(d) to the Consolidated Financial Results, which describes the uncertainty relating to the final outcome of litigations with a bank (“the bank”) that continues to retain the pledge of certain assets of the Holding Company and of the Holding Company's shares held by USL Benefit Trust (of which the Holding Company is the sole beneficiary) despite the Holding Company prepaying the term loan to that bank along with the prepayment penalty and further depositing an additional sum of INR 459 million demanded by the bank and as directed by the High Court of Karnataka (the “Court”). Based on management assessment supported by external legal opinions, the Holding Company has disclosed the aforesaid amount of INR 459 million under Other Non-current financial assets as recoverable from the bank pending the final outcome of the litigation. In a separate proceeding before the Debt Recovery Appellate Tribunal, the bank's appeal against the judgement awarded by Debt Recovery Tribunal in favour of the Holding Company in respect of attachment of the aforesaid pledged shares for recovery of the loans advanced by the bank to Kingfisher Airlines Limited is pending disposal.
 - c. As explained in Note 4(e) to the Consolidated Financial Results, the Holding Company identified certain information suggesting continuing past practices resulting in differences in reporting to the relevant Regulatory Authorities of yields of certain non-potable intermediates and associated process losses in the liquor manufacturing process. The aforesaid note also describes the related actions taken and monitoring of future development by the Holding Company in this respect.
8. The Consolidated Financial Results includes the financial results of 10 subsidiaries and a trust controlled by the Group which have not been reviewed by their auditors, whose financial results reflect total revenue of Nil, total net loss after tax of INR 3 million and total comprehensive loss of INR 3 million for the quarter ended June 30, 2022, as considered in the Consolidated Financial Results. The Consolidated Financial Results also includes the Group's share of net loss after tax of INR 3 million and total comprehensive loss of INR 3 million for the quarter ended June 30, 2022, as considered in the Consolidated Financial Results, in respect of an associate company, based on its financial results which have not been reviewed by their auditors. According to the information and explanations given to us by the Management, these financial results are not material to the Group.

Our conclusion on the Consolidated Financial Results is not modified in respect of the matters described in paragraphs 7 and 8 above.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

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Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 22057687ANPYBM7687

Place: Bengaluru
Date: July 26, 2022

Price Waterhouse & Co Chartered Accountants LLP

Review Report

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

1. We have reviewed the unaudited financial results of United Spirits Limited (the “Company”) for the quarter ended June 30, 2022 which are included in the accompanying ‘Unaudited Standalone Statement of Financial Results for the quarter ended June 30, 2022’ together with notes thereon (hereinafter referred to as the “Standalone Financial Results”). The Standalone Financial Results has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).
2. This Standalone Financial Results, which is the responsibility of the Company’s Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Standalone Financial Results based on our review.
3. We conducted our review of the Standalone Financial Results 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 Standalone Financial Results is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Standalone Financial Results has not been prepared in all material respects in accordance with the recognition and measurement principals laid down in the aforesaid India Accounting Standards and other accounting principles generally accepted in India , and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw your attention to the following matters:
 - a) As explained in Note 4(a) to the Standalone Financial Results regarding the uncertainties post completion of the Initial Inquiry, which identified references to certain Additional Parties and certain Additional matters, the then MD & CEO, pursuant to the direction of the Board of Directors, had carried out an Additional Inquiry that revealed transactions indicating actual and potential diversion of funds from the Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appear to be affiliated or associated with the Company’s erstwhile non-executive Chairman and other potentially improper transactions.

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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLP

Post completion of Additional Inquiry, certain regulatory notices and communications were received from Securities and Exchange Board of India, Directorate of Enforcement and Authorised Dealer banks to which the Company has responded. Subsequently, the Company commenced the rationalisation process for divestment/ liquidation/ merger of certain overseas subsidiaries including step down subsidiaries and completion of the above rationalisation process is subject to regulatory approvals in India and overseas. The Company filed suits for recovery of certain amounts against relevant parties and individuals identified in the Additional Inquiry, including excess managerial remuneration paid to the former Executive Director and CFO which have been fully provided for or recognised as expense in prior years. The management is currently unable to estimate the financial impact on the Company, if any, arising out of potential non compliances with applicable laws as above.

- b) As explained in Note 4(d) to the Standalone Financial Results, which describes the uncertainty relating to the final outcome of litigations with a bank (“the bank”) that continues to retain the pledge of certain assets of the Company and of the Company's shares held by USL Benefit Trust (of which the Company is the sole beneficiary) despite the Company prepaying the term loan to that bank along with the prepayment penalty and further depositing an additional sum of INR 459 million demanded by the bank and as directed by the Hon'ble High Court of Karnataka (the “Court”). Based on management assessment supported by external legal opinions, the Company has disclosed the aforesaid amount of INR 459 million under Other Noncurrent financial assets as recoverable from the bank pending the final outcome of the litigation. In a separate proceeding before the Debt Recovery Appellate Tribunal, the bank's appeal against the judgement awarded by Debt Recovery Tribunal in favour of the Company in respect of attachment of the aforesaid pledged shares for recovery of the loans advanced by the bank to Kingfisher Airlines Limited is pending disposal.
- c) As explained in Note 4(e) to the Standalone Financial Results, the Company identified certain information suggesting continuing past practices resulting in differences in reporting to the relevant Regulatory Authorities of yields of certain non-potable intermediates and associated process losses in the liquor manufacturing process. The aforesaid Note also describes the related actions taken and monitoring of future developments by the Company in this respect.

Our conclusion is not modified in respect of the matters described in paragraph 5 above.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

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Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 22057687ANPXRJ2105

Place: Bengaluru
Date: July 26, 2022

UNITED SPIRITS LIMITED

PRESS RELEASE

Unaudited financial results for the quarter ended 30 June 2022
(Standalone only)



Steady performance amidst challenging external environment

First quarter performance highlights:

- Net sales increased 34.3%, lapping a soft prior year comparator, with growth driven by resilient consumer demand in the off-trade and recovery of the on-trade.
- Prestige & Above net sales grew 43.7% benefitting from premiumisation. Performance in the quarter was impacted by constraints in scotch supplies in select markets on account of ongoing pricing deliberations with the Government.
- Popular segment net sales grew 13.1% within which the priority states grew 17.1%.
- Gross margin was 40.9%, down 366bps; primarily reflecting the adverse impact of cost inflation, which was partially offset by favourable product mix and productivity savings.
- Our marketing reinvestment rate during the quarter was 6.5% of net sales. Staff costs includes a one-time grant for our employees for their outstanding contribution, commitment, and resilience in extremely challenging times.
- EBITDA was Rs. 274 Crores, up 63.5%. Reported EBITDA margin was 12.6%, up 226bps, reflecting operating leverage on fixed costs. Underlying EBITDA margin excluding the one-time special pay-out for our employees stands at 13.8%.
- Interest cost of Rs. 17 Crores is a non-debt related expense.
- Tax credit is on account of recognising a deferred tax asset, due to certainty in utilisation of the carried forward capital losses.
- Exceptional items include on-going business restructuring expenses.
- Profit after tax was Rs. 210 Crores, up 204.2% and PAT margin was 9.7%.

Ms Hina Nagarajan, CEO, commenting on the quarter ended 30 June 2022 said:

“We have delivered another quarter of steady performance in a challenging operating environment. Our business today is ahead of pre-pandemic levels, substantiating the resilience of our category. Double digit inflation, scotch supply constraints in select markets and a one-time special grant to our people in recognition for the outstanding contribution in extremely challenging times, impacted the EBITDA margin delivery.

Looking ahead, in the shorter term, we expect inflationary pressures to continue. Our confidence in the medium to long-term prospects of our industry, the resilience of our business and our ability to navigate headwinds remains high. We remain focused in our strategy of re-shaping the portfolio towards premiumization, revenue growth management initiatives, enhancing our value chain productivity pipeline and continuing to build the organization of tomorrow, to deliver consistent growth and long-term value creation for all our stakeholders.”

KEY FINANCIAL INFORMATION

Key quarterly performance indicators

		F23 Q1	F22 Q1
Net sales	<i>Rs. Crores</i>	2,169	1,615
Reported Turnover growth	%	34.3	56.8
Gross profit	<i>Rs. Crores</i>	888	720
Gross profit margin	%	40.9	44.6
EBITDA	<i>Rs. Crores</i>	274	168
EBITDA margin	%	12.6	10.4
PAT	<i>Rs. Crores</i>	210	69
PAT	%	9.7	4.3

For the quarter ended 30 June 2022

Summary financial information

		F23 Q1	F22 Q1	Movement %
Volume	<i>000 cases</i>	18,545	15,730	17.9
Net sales	<i>Rs. Crores</i>	2,169	1,615	34.3
COGS	<i>Rs. Crores</i>	(1281)	(895)	43.2
Gross profit	<i>Rs. Crores</i>	888	720	23.3
Staff cost	<i>Rs. Crores</i>	(167)	(187)	(11.2)
Marketing spends	<i>Rs. Crores</i>	(140)	(84)	67.4
Other Overheads	<i>Rs. Crores</i>	(307)	(282)	9.1
EBITDA	<i>Rs. Crores</i>	274	168	63.5
Other Income	<i>Rs. Crores</i>	25	11	136.8
Depreciation	<i>Rs. Crores</i>	(65)	(55)	17.9
EBIT	<i>Rs. Crores</i>	234	123	90.4
Interest	<i>Rs. Crores</i>	(17)	(20)	(16.2)
PBT before exceptional items	<i>Rs. Crores</i>	217	103	110.9
Exceptional items	<i>Rs. Crores</i>	(38)	(36)	5.6
PBT	<i>Rs. Crores</i>	179	67	168.2
Tax	<i>Rs. Crores</i>	31	2	(1204.2)
PAT	<i>Rs. Crores</i>	210	69	204.2

Key performance indicators as a % of net sales (reported):

		F23 Q1	F22 Q1	Movement bps
Gross profit	%	40.9	44.6	(366)
Staff cost	%	(7.7)	(11.6)	393
Marketing spends	%	(6.5)	(5.2)	(128)
Other Overheads	%	(14.2)	(17.4)	327
EBITDA	%	12.6	10.4	226
PAT	%	9.7	4.3	541
Basic earnings per share	<i>rupees</i>	2.9	1.0	1.9
Earnings per share before exceptional items	<i>rupees</i>	3.4	1.5	2.0

The Company in compliance with Schedule III of the Companies Act, 2013 has reported revenue from operations inclusive of excise duty.

Net sales (Rs. Crores)



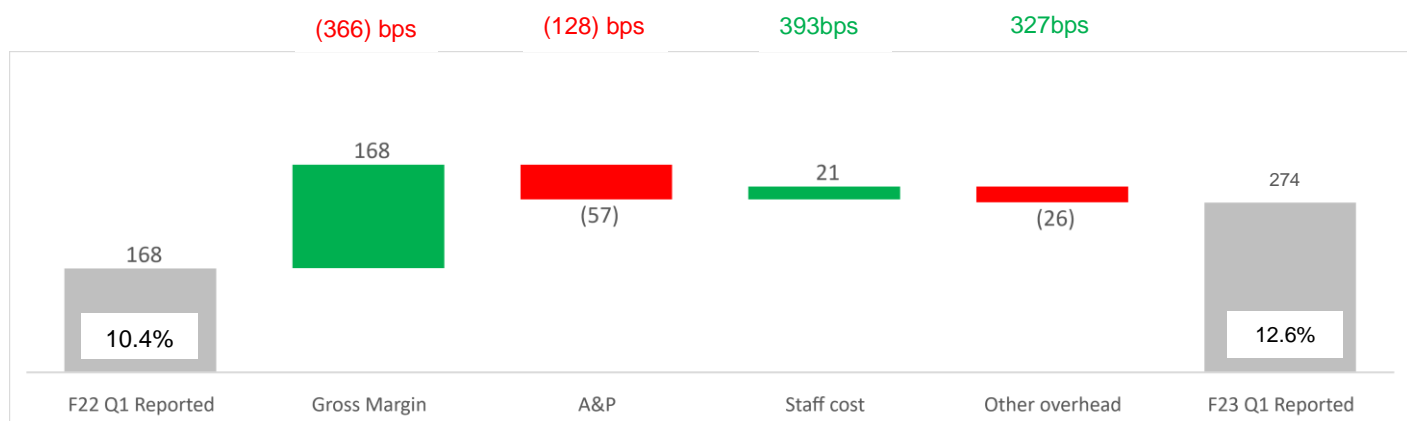
* Others include non IMFL sale and cut off adjustments

Net sales increased 34.3% in the quarter. This double-digit top line growth reflects strong consumer demand in off trade, recovery in the on-trade channel, active portfolio management and benefitting from soft comparator. Net sales of Prestige & Above segment increased 43.7% while net sales of Popular segment increased 13.1%.

Overall volume increased 17.9% with growth of 24.9% in the Prestige & Above segment, outpacing the Popular volume expansion of 10.7%.

Underlying price/mix for the year was favourable 16.4%, mainly due to favourable product and state mix.

EBITDA (Rs. Crores, %, bps)



Reported EBITDA (Rs.274 Crores) increased 63.5% for the quarter and margin improved by 226bps driven by volume increase, cost inflation and better operating leverage.

Gross profit increase of Rs. 168 Crores was predominantly volume and mix led and lapping soft comparator. Supply productivity savings could not offset the impact of cost inflation. On a reported basis, staff costs were 7.7% of sales, down 393bps. Other overheads were 14.2% of sales, down 327bps due to improved operating leverage on fixed costs. We invested efficiently behind marketing and growth initiatives to accelerate premiumisation and our marketing investment for quarter was at 6.5% of sales.

SEGMENT AND BRAND REVIEW

For the quarter ended 30 June 2022

Key segments:

For the quarter ended 30 June 2022

	Volume				Net Sales			
	F23 Q1	F22 Q1	Reported	Underlying	F23 Q1	F22 Q1	Reported	Underlying
	Reported	Reported	movement	movement	Reported	Reported	movement	movement
	'000 cs	'000 cs	%	%	Rs. Cr.	Rs. Cr.	%	%
P&A	9,951	7,969	25	25	1,548	1,077	44	44
Popular	8,595	7,761	11	11	569	503	13	13
Other	-	-	-	-	52	35	50	50
TOTAL	18,545	15,730	18	18	2,169	1,615	34	34

- The **Prestige & Above segment** accounted for ~71% of net sales during the quarter, up 5ppts compared to the same period last year. Prestige & Above segment net sales increased ~43.7% during the year due to improved product mix and soft prior period comparators.
During the year, Premium and Luxury portfolio grew faster than the Prestige portfolio led by our premiumisation drive. Within the Scotch portfolio, Johnnie Walker, Black & White and Black Dog delivered very strong growth.
- The **Popular segment** accounted for ~26% of net sales during the quarter, down ~5ppt compared to the same period last year. The Popular segment net sales grew ~13.1% during the year. Net sales of the Popular segment in priority states grew ~17.1% during this period.

Cautionary statement concerning forward-looking statements

This document contains 'forward-looking' statements. These statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of changes in interest or exchange rates, the availability or cost of financing to United Spirits Limited ("USL"), anticipated cost savings or synergies, expected investments, the completion of USL's strategic transactions and restructuring programmes, anticipated tax rates, expected cash payments, outcomes of litigation, anticipated deficit reductions in relation to pension schemes and general economic conditions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside USL's control. USL neither intends, nor assumes any obligation, to update or revise these forward-looking statements in the light of any developments which may differ from those anticipated.

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Media enquiries to	Rajalakshmi Azariah	+91 95 3587 3006	Rajalakshmi.Azariah@diageo.com

Q1 EARNINGS & Q&A CONFERENCE CALL

Hina Nagarajan, Managing Director and Chief Executive Officer and Pradeep Jain, Chief Financial Officer will be hosting a Q&A conference call on **Wednesday, 27 July 2022** at **17:30 hrs** (IST time). If you would like to listen to the call or ask a question, please use the dial in details below.

A transcript of the conference call will be available for download at www.diageoindia.com.

Conference Joining Information

Option 1

Express Join with DiamondPass™ No Wait Time

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=0680965&linkSecurityString=30269e6b9>

Option 2

When using dial-in numbers mentioned below please do so 10 minutes prior to the conference schedule to ensure that you are connected to your call in time.

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Universal DialIn	+91 22 7115 8151

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