DIAGEO
INDIA
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

25th January 2022

BSE Limited	National Stock Exchange of India Limited
Listing Department	Exchange Plaza, C-1 Block G,
Dalal Street,	Bandra Kurla Complex,
Mumbai 400 001	Bandra East, Mumbai- 400051
Scrip Code: 532432	Scrip Code: MCDOWELL-N

Dear Sirs,

Sub: Intimation of unaudited financial results for quarter & nine months ended 31st December 2021 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR)).

The Board of Directors of the Company at their meeting held today, approved *inter-alia* the unaudited standalone and consolidated financial results of the Company for the quarter and nine months ended 31st December 2021 ("UFR").

The Limited Review Report ("LRR") thereon, received from the Statutory Auditors of the Company on the standalone and consolidated financial results were placed at the said Meeting. UFR along with the LRR and a Press Release in respect of this UFR are enclosed and are being uploaded on to your websites along with this letter.

The meeting of Board of Directors commenced at 15:41 IST and concluded at 16:52 IST.

The above-mentioned documents will also be available on the Company's website https://www.diageoindia.com in the Investor Section.

Thank you,

For, United Spirits Limited

RASHMI VIVEK SHIRKE
Digitally signed by RASHMI VIVEK SHIRKE
Date: 2022.01.25 17:04:40 +05'30'

Rashmi Shirke
Senior Manager - Company Secretarial

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 and nine months ended December 31, 2021

(INR in Millions except for earnings per share data)

	Particulars	3 months ended December 31, 2021	3 months ended September 30, 2021	3 months ended December 31, 2020	9 months ended December 31, 2021	9 months ended December 31, 2020	Previous year ended March 31, 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income**						
	(a) Revenue from operations	88,545	81,480	82,260	230,644	195,043	271,764
	(b) Other income	16	35	194	157	417	478
	Total income	**88,561**	**81,515**	**82,454**	**230,801**	**195,460**	**272,242**
2	**Expenses:**						
	(a) Cost of materials consumed	13,563	11,675	12,521	36,714	30,154	39,886
	(b) Purchase of stock-in-trade	2,412	1,091	1,449	4,049	2,308	3,494
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	145	887	(185)	(2,044)	(248)	1,302
	(d) Excise duty	59,698	57,012	57,373	161,178	138,395	192,872
	(e) Employee benefits expense	1,441	1,663	1,560	4,978	4,163	5,404
	(f) Finance costs	338	(14)	377	522	1,383	1,658
	(g) Depreciation and amortisation expense	662	655	614	1,871	1,823	2,493
	(h) Others:						
	(i) Advertisement and sales promotion (Refer Note 11)	2,963	1,779	2,246	5,580	4,467	5,484
	(ii) Loss allowance on trade receivables and other financial assets (net)	(312)	204	(56)	(58)	515	484
	(iii) Other expenses	3,728	2,913	3,514	9,407	9,530	12,961
	Total expenses	**84,638**	**77,865**	**79,413**	**222,197**	**192,490**	**266,038**
3	**Profit before exceptional items and tax (1 - 2)**	**3,923**	**3,650**	**3,041**	**8,604**	**2,970**	**6,204**
4	Exceptional items, net (Refer Note 7)	-	5	-	(359)	(750)	(1,514)
5	**Profit before tax (3 + 4)**	**3,923**	**3,655**	**3,041**	**8,245**	**2,220**	**4,690**
6	Income tax expense						
	(a) Current tax	1,040	754	824	2,035	1,152	1,764
	(b) Current tax relating to earlier years	-	-	(13)	(192)	(17)	(37)
	(c) Deferred tax charge / (credit)	(28)	167	(69)	66	(345)	(140)
	Total tax expense	**1,012**	**921**	**742**	**1,909**	**790**	**1,587**
7	**Profit for the period (5 - 6)**	**2,911**	**2,734**	**2,299**	**6,336**	**1,430**	**3,103**
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	110	-	-	110	-	76
	(ii) Income tax credit / (charge) relating to above	(28)	-	-	(28)	-	(19)
	Total other comprehensive income, net of income tax	**82**	**-**	**-**	**82**	**-**	**57**
9	**Total Comprehensive Income (7 + 8)**	**2,993**	**2,734**	**2,299**	**6,418**	**1,430**	**3,160**
10	**Paid up Equity Share Capital (Face value of INR 2/- each)**	1,453	1,453	1,453	1,453	1,453	1,453
11	**Other Equity**						39,815
12	**Earnings/ (loss) per share of INR 2/- each:**						
	Basic and Diluted (in INR)	4.01	3.76	3.16	8.72	1.96	4.27

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Unaudited Consolidated Statement of Financial Results for the quarter and nine months ended December 31, 2021

(INR in Millions except for earnings per share data)

		3 months ended December 31, 2021	3 months ended September 30, 2021	3 months ended December 31, 2020	9 months ended December 31, 2021	9 months ended December 31, 2020	Previous year ended March 31, 2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income**						
	(a) Revenue from operations	89,172	82,088	84,103	232,945	197,404	274,185
	(b) Other income	1	38	188	117	350	396
	Total income	**89,173**	**82,126**	**84,291**	**233,062**	**197,754**	**274,581**
2	**Expenses:**						
	(a) Cost of materials consumed	13,570	11,553	12,546	36,743	30,107	39,731
	(b) Purchase of stock-in-trade	2,412	1,091	1,449	4,049	2,308	3,494
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	180	984	(230)	(2,007)	(271)	1,331
	(d) Excise duty	59,698	57,012	57,373	161,178	138,395	192,872
	(e) Employee benefits expense	1,481	1,711	1,602	5,107	4,275	5,564
	(f) Finance costs	392	69	429	715	1,542	1,876
	(g) Depreciation and amortisation expense	758	763	789	2,264	2,221	2,991
	(h) Others:						
	(i) Advertisement and sales promotion (Refer Note 11)	3,000	1,756	2,244	5,617	4,485	5,515
	(ii) Loss allowance on trade receivables and other financial assets (net)	(312)	204	(56)	(58)	515	510
	(iii) Other expenses	3,956	3,086	4,599	10,553	11,026	14,641
	Total expenses	**85,135**	**78,229**	**80,745**	**224,161**	**194,603**	**268,525**
3	**Profit before share of net profit / (loss) in associates, exceptional items and tax (1-2)**	**4,038**	**3,897**	**3,546**	**8,901**	**3,151**	**6,056**
4	Share of net profit / (loss) in associate	-	-	(5)	-	(13)	(13)
5	**Profit before exceptional items and tax (3+4)**	**4,038**	**3,897**	**3,541**	**8,901**	**3,138**	**6,043**
6	Exceptional items, net (Refer Note 7)	-	5	202	(448)	(548)	(643)
7	**Profit before tax (5 + 6)**	**4,038**	**3,902**	**3,743**	**8,453**	**2,590**	**5,400**
8	Income tax expense						
	(a) Current tax	1,040	754	824	2,035	1,152	1,764
	(b) Current tax relating to earlier years	-	-	(13)	(192)	(17)	(31)
	(c) Deferred tax charge / (credit)	45	284	129	290	(133)	46
	Total tax expense	**1,085**	**1,038**	**940**	**2,133**	**1,002**	**1,779**
9	**Profit for the period (7-8)**	**2,953**	**2,864**	**2,803**	**6,320**	**1,588**	**3,621**
10	Other Comprehensive Income						
	A. Items that will be reclassified to profit or loss						
	(i) Exchange differences on translation of foreign operations	(2)	(22)	9	(12)	14	15
	B. Items that will not be reclassified to profit or loss	-					
	(i) Remeasurements of post-employment benefit plans	110	-	-	110	-	67
	(ii) Income tax credit / (charge) relating to above	(28)	-	-	(28)	-	(19)
	Total other comprehensive income, net of income tax	**80**	**(22)**	**9**	**70**	**14**	**63**
11	**Total Comprehensive Income (9+10)**	**3,033**	**2,842**	**2,812**	**6,390**	**1,602**	**3,684**
12	**Paid up Equity Share Capital (Face value of INR 2/- each)**	1,453	1,453	1,453	1,453	1,453	1,453
13	**Other Equity and Non controlling interest**						39,136
14(a)	**Profit/ (loss) attributable to:**						
	Owners	2,996	2,918	2,870	6,469	1,749	3,836
	Non-controlling interest	(43)	(54)	(67)	(149)	(161)	(215)
		2,953	**2,864**	**2,803**	**6,320**	**1,588**	**3,621**
14(b)	**Other comprehensive income attributable to:**						
	Owners	80	(22)	9	70	14	65
	Non-controlling interest	-	-	-	-	-	(2)
		80	**(22)**	**9**	**70**	**14**	**63**
14(c)	**Total comprehensive income attributable to: [14(a) + 14(b)]**						
	Owners	3,076	2,896	2,879	6,539	1,763	3,901
	Non controlling Interest	(43)	(54)	(67)	(149)	(161)	(217)
		3,033	**2,842**	**2,812**	**6,390**	**1,602**	**3,684**
15	**Earnings/ (loss) per share of INR 2/- each: [Refer Note below]**						
	Basic and Diluted (in INR)	4.22	4.11	4.05	9.12	2.47	5.41

Note:

Own shares of the Company held by USL Benefit Trust (of which the Company is the sole beneficiary) have been reduced in determining the weighted average outstanding equity shares used in the computation of 'Earnings/ (loss) per share', presented for all the periods in Consolidated Financial Results."

United Spirits Limited

Notes to the Unaudited Standalone and Consolidated Statements of Financial Results for the quarter and nine months ended December 31, 2021

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
- Tern Distilleries Private Limited (up to January 27, 2021)

Overseas subsidiaries:

- Asian Opportunities and Investments Limited
- Liquidity, Inc. (up to December 18, 2020)
- McDowell & Co. (Scotland) Limited
- Montrose International S.A (“Montrose”) (ceased to be a subsidiary w.e.f. April 16, 2021) [Refer Note 4(b)(ii)]
- UB Sports Management Overseas Limited (merged with Palmer Investment Group Limited w.e.f. July 15, 2020)
- 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 results also include the Group’s share of total comprehensive income (comprising profit / loss for the period and other comprehensive income) of the following associate company:

- Hip Bar Private Limited (till August 3, 2021) [Refer Note 6]

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 and nine months ended December 31, 2021 – Contd.

4. Historical Matters

(a) Additional Inquiry

As disclosed in each of the annual financial statements commencing from year ended March 31, 2017, upon completion of an inquiry into past improper transactions which was completed in April 2015 (‘Initial Inquiry’) and which identified references to certain additional parties and certain additional matters, the former MD & CEO, pursuant to the direction of the Board of Directors, had 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 appear 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 prior periods. 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-compliance with applicable laws in relation to such fund diversions. There have been no developments in the matter during the nine months ended December 31, 2021.

(b) Overseas Subsidiaries Rationalisation

As disclosed in each of the annual financial statements commencing from year ended March 31, 2019, in relation to its subsidiaries and pursuant to its strategic objective of divesting non-core assets, the Company has reviewed its subsidiaries’ operations, obligations, and compliances, and as approved by the Board has made plans for their rationalisation through sale, liquidation or merger (“Rationalisation Process”).

i. The Company had sought approval of regulatory authorities for liquidating its wholly owned subsidiaries, USL Holdings Limited (including its three wholly owned step-down overseas subsidiaries USL Holdings (UK) Limited, United Spirits (UK) Limited and United Spirits (Great Britain) Limited). The Board has approved liquidation of Asian Opportunities and Investments Limited, McDowell & Co. (Scotland) Limited, Shaw Wallace Overseas Limited and United Spirits Singapore Pte Ltd, for which the Company is in the process of seeking regulatory approvals for liquidating the said subsidiaries. The Board has also approved the merger of Palmer Investment Group Limited with the Company. On December 01, 2020, the Company received a no-objection letter from the Reserve Bank of India (RBI), for the liquidation of United Spirits (Shanghai) Trading Company Limited and has initiated the liquidation proceedings of this subsidiary, in Shanghai.

   The completion of the above liquidations and merger are subject to regulatory and other approvals (in India and overseas). During this Rationalisation Process, if any historical non-compliances are established, 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.

ii. On December 01, 2020, the Company received a no-objection letter from the Reserve Bank of India (RBI) for the liquidation of Montrose. Montrose has been liquidated effective April 16, 2021 and an intimation to that effect has been received from the regulatory authorities at Panama on May 5, 2021. Subsequent to the liquidation an amount of INR 89 million has been repatriated to the Company, which has been accounted as income and presented as an exceptional item in the Statement of Standalone Financial Results for the nine months ended December 31, 2021. Also refer Note 7.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and nine months ended December 31, 2021 – Contd.

iii. Consequent to the above, the financial results of the following subsidiaries have been prepared and consolidated on a liquidation basis (i.e. "break up" basis) (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 December 31, 2021. Such re-measurement 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'). The Company has already 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 9,603 million up to December 31, 2021. The Company has offset payable to UBHL under the trademark agreement amounting to INR 74 million for the nine months ended December 31, 2021, and consequently, the corresponding provision for loan has been reversed to 'Loss allowance on trade receivables and other financial assets (net)'. The cumulative offset up to December 31, 2021 amounted to INR 2,062 million.

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. On April 8, 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 had obtained leave from the High Court of Karnataka to file a challenge against this arbitral award. The Company has on July 6, 2018 filed the 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 arbitration award, based on management assessment supported by an external legal opinion, the Company continues to offset payable to UBHL under the trademark agreement against the balance of loan receivable from UBHL. During the quarter ended March 31, 2021 and in January 2022, the Official Liquidator and the Company exchanged certain correspondences.

(d) Excess managerial remuneration

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, the managerial remuneration for the financial year ended March 31, 2015 aggregating INR 153 million to the former Executive Director and Chief Financial Officer ('ED & CFO'), was approved by the shareholders at the annual general meeting of the Company held on September 30, 2014. The aforesaid remuneration includes amounts paid in excess of the limits prescribed under the provisions of Schedule V to the Act, by INR 134 million. Accordingly, the Company applied for the requisite approval from the Central Government for such excess remuneration which was not approved, and the Company had sought Central Government to reconsider approving the waiver of excess remuneration paid. In light of the findings from the Additional Inquiry, by its letter dated July 12, 2016, the Company withdrew its application for approval of excess remuneration paid to the former ED & CFO and has filed a civil suit before the jurisdictional court to recover the sums from the former ED & CFO during the quarter ended March 31, 2017. Thereafter, there have been no further material developments with respect to this matter.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and nine months ended December 31, 2021 – Contd.

(e) Regulatory notices and communications

The Company has previously received letters and notices from various regulatory and other government authorities as follows:

i. as disclosed in each of the annual financial statements commencing from year ended March 31, 2016, from the Securities Exchange Board of India ('SEBI'), in relation to the Initial Inquiry, Additional Inquiry, and matters arising out of the Agreement dated February 25, 2016, entered into by the Company with Dr. Vijay Mallya to which the Company has responded. No further communications have been received thereafter;

ii. as disclosed in each of the annual financial statements commencing from year ended March 31, 2016, from the Ministry of Corporate Affairs ('MCA') in relation to its inspection conducted under Section 206(5) of the Companies Act, 2013 during the year ended March 31, 2016 and subsequent show cause notices alleging violation of certain provisions of the Companies Act, 1956 and Companies Act, 2013, to which the Company had responded. The Company had also received a letter dated October 13, 2017 from the Registrar of Companies, Karnataka (the 'Registrar') inviting the Company's attention to the compounding provisions of the Companies Act, 1956 and Companies Act, 2013 following the aforesaid show cause notices. During the year ended March 31, 2018, the Company had filed applications for compounding of offences with the Registrar in relation to three show cause notices, applications for adjudication with the Registrar in relation to two show cause notices, and requested the Registrar to drop one show cause notice based on expert legal advice received. During the quarter ended September 30, 2020, the Company had received an order on the adjudication applications for aforesaid two show cause notices and complied with the said order. During the quarter ended March 31, 2021, the Company had received an order on compounding application for one of the aforesaid show cause notices and has complied with the said order. The penalty and compounding fees arising out of adjudication applications and compounding application are not material. The Company is awaiting a response from the Registrar on the remaining applications. The management is of the view that the financial impact arising out of compounding/ adjudication of these matters will not be material to the Company's results.

iii. as disclosed in each of the annual financial statements commencing from year ended March 31, 2016, from the Directorate of Enforcement ('ED') in connection with Agreement dated February 25, 2016, entered into by the Company with Dr.Vijay Mallya and investigations under the Foreign Exchange Management Act, 1999 and Prevention of Money Laundering Act, 2002, to which the Company had responded. No further communications have been received thereafter;

iv. as disclosed in each of the annual financial statements commencing from year ended March 31, 2017, from the Company's authorized dealer banks in relation to certain queries from the Reserve Bank of India ('RBI') with regard to: (A) remittances made in prior years by the Company to its overseas subsidiaries to which the Company has responded to; (B) past acquisition of the Whyte and Mackay group to which the Company has responded to; (C) clarifications/ queries received from the Authorized Dealer from time to time on Annual Performance Reports ('APR') for prior years; to which the Company has responded to and (D) compliances relating to the Company's overseas Branch office, which the Company has duly responded to. All the APR forms upto the year ended March 2021 have been duly submitted with the Authorized Dealer.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and nine months ended December 31, 2021 – Contd.

(f) 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 decided to prepay 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 Company deposited a sum of INR 6,280 million, including prepayment penalty of INR 40 million, with the bank and instructed the bank to debit the amount from its cash credit account towards settlement of the loan and release the assets and shares pledged by the Company. The bank, however, disputed the prepayment, following which the Company filed a writ petition ("WP") in November 2013 before the Hon'ble High Court of Karnataka 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 date of settlement. This notice was challenged by the Company by way of a separate application filed in the pending writ proceedings. The Hon'ble High Court of Karnataka, by an order passed in the said application, 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 Hon'ble High Court of Karnataka issued an order dismissing the writ petition filed by the Company, 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 disputed the Order and filed an appeal against this order before a division bench of the Hon'ble High Court of Karnataka. During the quarter ended September 30, 2019, the division bench of the Hon'ble High Court of Karnataka reinstated the interim order in the writ petition, thereby granting a stay on the disposal of the secured assets of the Company by the bank. On January 13, 2020, the division bench of the Hon'ble High Court of Karnataka admitted the writ appeal and extended the interim stay.

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 the loans advanced by the bank 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. During the quarter ended September 30, 2017, the bank filed an ex-parte appeal before the Debt Recovery Appellate Tribunal ('DRAT'), Chennai against the order of the DRT. During the quarter ended December 31, 2017, following an application by the Company, DRAT has issued an Order impleading the Company in the proceedings. The bank's appeal is pending for final hearing by DRAT.

There have been no developments with respect to this matter during the nine months ended December 31, 2021.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and nine months ended December 31, 2021 – Contd.

(g) 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/ discussion with such Authorities and advice received from external legal counsels, the Company has discharged/ 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, has 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 nine months ended December 31, 2021. Management will continue to monitor developments, if any, in this matter.

(h) Developments in Relation to Past Claims from a Customer

In April 2021, a customer notified the Company that it was stopping further payment until pending issues of recovery were resolved. The customer was seeking to review a settled issue regarding differential trade terms, which the Company had voluntarily disclosed to the customer, and in relation to which all recovery claims made by the customer had been fully settled. This was disclosed in the annual financial statements for the years ended March 31, 2017 and March 31, 2018. In June 2021, the customer confirmed that the matter of original recovery was settled (which reaffirmed the Company's view) but made an additional claim amounting to INR 480 million and committed to resume payments. Further to this latest communication, the Company has recognised a claim of INR 353 million (net), which has been presented as an exceptional item in the Standalone and Consolidated Results for the nine months ended December 31, 2021. The Company does not expect any further claim from the customer in relation to this matter. Also refer note 7.

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

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and nine months ended December 31, 2021 – Contd.

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. Next hearing is scheduled for February 23, 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. Disposal of shares held in Hip Bar Private Limited

On 3rd August 2021, a share purchase agreement has been executed with Hip Bar Private Limited for sale of the entire stake of the Company [Equity Shares (4,567,568 Nos.) and Compulsory Convertible Preference Shares (1,950,000 Nos.)] in Hip Bar Private Limited for INR 5.2 million. Amount received on account of disposal amounting to INR 5.2 million has been presented as gain on disposal of associate under Exceptional item. Pursuant to the sale, the Company has also received all rights, title, and interest in the trademarks 'CloudBar' and 'BarOnTheCloud' from Hip Bar Private Limited, which have been valued at INR Nil. Also refer note 7.

7. Exceptional items

Amount in INR Million

Sl. No	Description	Quarter ended December 31, 2021 Income / (Expense)		Nine months ended December 31, 2021 Income / (Expense)	
		Standalone	Consolidated	Standalone	Consolidated
1	Remittance upon liquidation of a subsidiary [Refer Note 4(b)(ii)]	-	-	89	-
2	Commitment towards support for improving healthcare infrastructure [Refer Note 8]	-	-	(100)	(100)
3	Provision for claim from a customer (net) [Refer Note 4(h)]	-	-	(353)	(353)
4	Gain on disposal of associate Refer Note 6]	-	-	5	5
	Total	**-**	**-**	**(359)**	**(448)**

8. Impact of Covid-19

Once the lockdown due to Covid-19 pandemic was lifted in May 2020, Management had taken appropriate actions to scale up the Group's manufacturing to the levels prior to Covid-19 across all locations. Both off-trade and on-trade sales also gradually resumed across the country. Temporary disruptions have occurred from time to time during the pendency of curfew or lockdown restrictions,.

The Group has a prudent liquidity risk management policy for maintenance of required cash and / or has access to funds through adequate unutilised sanctioned borrowing limits from banks and is confident of servicing its debt obligations as they fall due. Based on the management's assessment, no material impact on the carrying amounts of current and non-current assets (including financial assets) is expected. The Group had assessed its existing controls and internal financial reporting processes and made appropriate changes, as required, in view of the situation arising due to Covid-19 pandemic. Group continues to review its contracts/ arrangements and does not expect any material impact on account of non-fulfilment of the obligations by any party.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and nine months ended December 31, 2021 – Contd.

On account of the current wave of the pandemic, there have been restrictions imposed by certain states, which has not had any material impact on the operations of the Company. Management has considered various internal and external information available up to the date of approval of financial results in assessing the impact of Covid-19 pandemic on the Standalone and Consolidated Financial Results for the quarter and nine months ended December 31, 2021. The Company continues to maintain a positive outlook for the remainder of the financial year and will continue to monitor changes in future economic conditions.

With a surge in the spread of the Covid-19 pandemic in India during the quarter ended June 30, 2021, the Company has committed to spend INR 100 million towards improving health infrastructure of Government hospitals and institutions. The amount of INR 100 million has been recorded and presented as an exceptional item in the Statements of Standalone and Consolidated Financial Results for the nine months ended December 31, 2021. Also refer Note 7.

9. The Company has initiated a strategic review of selected brands in the Company's "Popular" segment of brands, continuing the strategy towards long-term profitable growth through premiumising the company's portfolio. The Company's Popular portfolio comprises around 30 brands and the strategic review focuses on approximately half of this portfolio by volume. This review does not include the McDowell's or Director's Special trademarks. The strategic review was expected to be completed by December 31, 2021. The timeline for completion of the review has been extended till March 31, 2022. The Company believes that there is no impact on account of this strategic review on the Standalone and Consolidated Financial Results for the quarter and nine months ended December 31, 2021.

10. During the nine months ended December 31, 2021, for indirect tax related matters, the company has accounted for net provision reversal of INR 766 million based on a favourable order and certain jurisdictional assessments. This has resulted in a charge to 'Cost of materials' consumed amounting to INR 208 million, a credit to 'Other expenses' amounting to INR 750 million and a credit to 'Finance costs' amounting to INR 224 million. Further, the Company has also recognized a provision of INR 220 million as 'Loss allowance on trade receivables and other financial assets' on overdue corporation receivables in the State of Andhra Pradesh basis management assessment during the nine months ended December 31, 2021.

11. Advertisement and Sales Promotion expenses amounting of INR 100 million for the quarter ended December 31, 2020, INR 232 million for the nine months ended December 30, 2020 and INR 232 million for the year ended March 31, 2021 have been reclassified to Other expenses to conform with the current period's presentation and to enhance the comparability of the results.

12. The Statement of Standalone and Consolidated Financial Results for the quarter and nine months ended December 31, 2021 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 January 25, 2022.

By authority of the Board

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Date: 2022.01.25 16:40:55 +05'30'

HINA NAGARAJAN
Digitally signed by HINA NAGARAJAN
Date: 2022.01.25 16:14:33 +05'30'

Place: Bengaluru
Date: January 25, 2022

Hina Nagarajan
Managing Director and Chief Executive Officer

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 company (refer Note 2 to the Unaudited Consolidated Financial Results) for the quarter and nine months ended December 31, 2021 which are included in the accompanying 'Unaudited Consolidated Statement of Financial Results quarter and nine months ended December 31, 2021' (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.

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Registered office and Head Office: Plot No. Y-14, Block-EP, Sector-V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata - 700 091

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
- Tern Distilleries Private Limited (ceased to be a subsidiary with effect from January 27, 2021)

Overseas subsidiaries
- Asian Opportunities and Investments Limited
- Liquidity, Inc. (ceased to be a subsidiary with effect from December 18, 2020)
- McDowell & Co. (Scotland) Limited
- Montrose International S.A (liquidated on April 16, 2021)
- Palmer Investment Group Limited
- Shaw Wallace Overseas Limited
- UB Sports Management Overseas Limited (merged with Palmer Investment Group Limited with effect from July 15, 2020)
- 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 income (comprising profit for the period and other comprehensive income) of the following associate company:

- Hip Bar Private Limited (ceased to be an associate with effect from August 3, 2021)

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 Standard 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, upon completion of the Initial Inquiry which identified references to certain Additional Parties and certain Additional Matters, the former 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. The amounts identified in the Additional Inquiry have been fully provided for or expensed by the Holding Company and/or its subsidiaries in earlier periods. Management is currently unable to estimate the financial impact on the Holding Company, if any, arising from potential non-compliances with applicable laws in respect of the above.

   b) As explained in Note 4(b)(i) to the Consolidated Financial Results, the Group has commenced the rationalization process for divestment/ liquidation/ merger of certain overseas subsidiaries including step down subsidiaries. The completion of the above process is subject to regulatory and other approvals (in India and overseas). At this stage, it is not possible for the management to estimate the financial impact on the Holding Company, if any, arising out of potential historical non-compliances with applicable laws, if established.

   c) As explained in Note 4(b)(iii) to the Consolidated Financial Results, consequent to the rationalisation process initiated by the Group in respect of 9 overseas subsidiaries including step down subsidiaries, the financial results of such subsidiaries included in the Consolidated Financial Results have been prepared on a liquidation basis. Accordingly, the assets and liabilities of such subsidiaries have been recognized as current at their fair values that approximate their carrying values as at December 31, 2021.

   d) As explained in Note 4(d) to the Consolidated Financial Results, the Managerial remuneration for the year ended March 31, 2015 included an amount paid in excess of the limit prescribed under the provisions of Schedule V to the Act by INR 134 million to the former Executive Director and Chief Financial Officer (ED & CFO) of the Holding Company. The Holding Company has initiated steps, including by way of filing a suit for recovery before the jurisdictional court, to recover such excess remuneration from the former ED & CFO of the Holding Company.

   e) Note 4(e) to the Consolidated Financial Results, which describes the various regulatory notices and communications received from Securities Exchange Board of India ('SEBI'), Ministry of Corporate Affairs ('MCA')/ Registrar of Companies, Karnataka (the 'Registrar'), Directorate of Enforcement ('ED') to which the Holding Company has responded to and communications received from the Holding Company's authorised dealer banks ('AD') to which the Holding Company has responded to.

   f) Note 4(f) 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 Hon'ble 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.

g) As explained in Note 4(g) to the Consolidated Financial Results, the Holding Company, during the year ended March 31, 2019, came across 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. Related actions taken and monitoring of future developments by the Holding Company in this respect have been described in the said note.

8. The Consolidated Financial Results includes the financial results of 11 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 2 million and INR 3 million and total comprehensive loss of INR 2 million and INR 3 million for the quarter and nine months ended December 31, 2021, respectively, as considered in the Consolidated Financial Results. The Consolidated Financial Results also includes the Group's share of net profit after tax of Nil and total comprehensive income of Nil for the quarter and nine months ended December 31, 2021, respectively, 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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Date: 2022.01.25 16:43:15 +05'30'

Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 22057687AAAAAD1093

Place: Bengaluru
Date: January 25, 2022

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 and nine months ended December 31, 2021 which are included in the accompanying 'Unaudited Standalone Statement of Financial Results for the quarter and nine months ended December 31, 2021', together with the notes thereon (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, as amended (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 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 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 Standalone 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 Standard 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, 2015 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, upon completion of the Initial Inquiry, which identified references to certain Additional Parties and certain Additional Matters, the former 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. The amounts identified in the Additional Inquiry have been fully provided for or expensed by the Company and/or its subsidiaries in earlier periods. Management is currently unable to estimate the financial impact on the Company, if any, arising from potential non-compliances with applicable laws in respect of the above.

b) As explained in Note 4(b)(i) to the Standalone Financial Results, the Company has commenced the rationalisation process for divestment/ liquidation/ merger of certain overseas subsidiaries including step down subsidiaries. The completion of the above process is subject to regulatory and other approvals (in India and overseas). At this stage, it is not possible for the management to estimate the financial impact on the Company, if any, arising out of potential historical non compliances with applicable laws, if established.

c) As explained in Note 4(d) to the Standalone Financial Results, the Managerial remuneration for the year ended March 31, 2015 included an amount paid in excess of the limit prescribed under the provisions of Schedule V to the Act by INR 134 million to the former Executive Director and Chief Financial Officer (ED & CFO). The Company has initiated steps, including by way of filing a suit for recovery before the jurisdictional court, to recover such excess remuneration from the former ED & CFO.

d) Note 4(e) to the Standalone Financial Results, which describes the various regulatory notices and communications received from Securities Exchange Board of India ('SEBI'), Ministry of Corporate Affairs ('MCA')/ Registrar of Companies, Karnataka (the 'Registrar'), Directorate of Enforcement ('ED') to which the Company has responded to and communications received from the Company's authorised dealer banks ('AD') to which the Company has responded to.

e) Note 4(f) 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 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 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.

f) As explained in Note 4(g) to the Standalone Financial Results, the Company, during the year ended March 31, 2019, came across 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. Related actions taken and monitoring of future developments by the Company in this respect have been described in the said note.

6. 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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Date: 2022.01.25 16:42:04 +05'30'

Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 22057687AAAAAC8029

Place: Bengaluru
Date: January 25, 2022

UNITED SPIRITS LIMITED

PRESS RELEASE

Unaudited financial results for the quarter and nine months ended 31 December 2021

(Standalone only)

Continued growth momentum on the back of premiumisation

Third quarter performance highlights:

- Reported net sales increased 15.9%, reflecting a strong quarter driven by resilient consumer demand in the off-trade channel, continued premiumisation and recovery of the on-trade channel. Underlying net sales increased 14.3%, excluding the one-off sale of bulk scotch.
- Prestige & Above segment net sales grew 20.0%, with strong double-digit growth in our scotch portfolio.
- Popular segment net sales declined 1.7%, while priority states were flat.
- Gross margin was 44.1%, down 49bps on a reported basis, driven by input cost inflation, partially offset by favourable product mix and productivity savings. Adjusting the one-off sale of bulk scotch, underlying gross margin was 44.3%, down 31bps.
- Reported EBITDA was Rs. 491 Crores, up 27.9%. Reported EBITDA margin was 17.0%, up 159 bps, primarily driven by operating leverage on fixed costs. We upweighted our investment in marketing to support strategic priorities and on-going demand growth initiatives.
- Interest includes a one-off non-debt related charge. Underlying interest was Rs. 16 Crores, down 56.8% driven by reduced debt and lower interest rates.
- Profit after tax was Rs. 291 Crores, up 26.7% and PAT margin was 10.1%.

Nine months performance highlights:

- Reported net sales increased 22.6%, lapping soft prior year comparators. Growth was underpinned by strong consumer demand in the off-trade, premiumisation trend and continued momentum in at-home consumption occasions. Underlying net sales increased 21.9%, excluding the one-off sale of bulk scotch.
- Prestige & Above segment net sales increased 26.9%, lapping soft comparators and favourable product mix.
- Popular segment net sales increased 11.0%, while the priority states increased 10%.
- Gross margin was 44.3%, up 113bps, primarily driven by favourable product mix, productivity savings from everyday cost efficiencies and lapping a one-off inventory provision.
- Marketing investment was up 24.9% as the company lapped a reduction in promotional activity during the same period last year due to COVID-19. Marketing reinvestment rate was 8.0% of reported net sales.
- Reported EBITDA was Rs. 1,084 Crores, up 88.2%. Reported EBITDA margin was 15.6%, up 544 bps primarily due to recovery in gross margin, operating leverage and lapping one-off costs in the prior year. Excluding the one-off items, underlying EBITDA was up 430 bps.
- Reported interest cost was Rs.52 Crores, down 62.3% driven by debt, interest rate reduction and a net reversal benefit of non-debt related interest charge.
- Exceptional items include a one-off provision towards an additional demand in relation to a historical customer dispute.
- Tax includes a one-off reversal of 19.2 Crores.
- Profit after tax was Rs. 634 Crores, up 343.2% and PAT margin was 9.1%.

Ms Hina Nagarajan, CEO, commenting on the quarter and nine months ended 31 Dec. 2021 said:

"We have delivered a strong quarter, continuing the growth momentum amidst rising inflation. The broad-based growth in the Prestige & Above segment demonstrates the strength of our portfolio, and the continued agility and resilience of the team. We launched the second limited edition of Epitome Reserve Craft Whiskey, a Peated Indian Single Malt. We continued to expand distribution of the renovated Black Dog Scotch, Signature Whiskey and our innovation offering of Royal Challenge American Pride Whiskey. We also launched 'In.thebar.com' this quarter, our digital platform to drive focused consumer engagement and celebrations.

Healthy operating cash flow has enabled us to reach debt free status as on Dec.31st 2021. CRISIL upgraded its rating on United Spirits Limited's long-term bank facilities to 'AAA / Stable' while reaffirming its 'A1+' rating on the short-term bank facilities.

External operating environment in the near-term will remain challenging, including potential impact from Covid-19 and rising cost inflation. We continue to work with agility and remain focused on strengthening our portfolio while driving productivity across the value chain. We remain confident in the market potential and continue to stay focused on our strategic priorities to drive long-term value creation for all our stakeholders."

DIAGEO
INDIA

KEY FINANCIAL INFORMATION

Key quarterly performance indicators

		F22 Q3	F22 Q2	F22 Q1	F22 9M
Net sales	*Rs. Crores*	**2885**	2,447	1,615	**6947**
Reported Turnover growth	*%*	**15.9**	14.0	56.8	**22.6**
Gross profit	*Rs. Crores*	**1273**	1,082	720	**3075**
Gross profit margin	*%*	**44.1**	44.2	44.6	**44.3**
EBITDA	*Rs. Crores*	**491**	426	168	**1084**
EBITDA margin	*%*	**17.0**	17.4	10.4	**15.6**
PAT	*Rs. Crores*	**291**	273	69	**634**
PAT	*%*	**10.1**	11.2	4.3	**9.1**

For the nine months ended 31 December 2021

Summary financial information

		F22 9M	F21 9m	Movement %
Volume	*000 cases*	**58,418**	**50971**	15
Net sales	*Rs. Crores*	**6,947**	**5665**	23
COGS	*Rs. Crores*	**(3872)**	**(3221)**	20
Gross profit	*Rs. Crores*	**3075**	**2443**	26
Staff cost	*Rs. Crores*	**(498)**	**(416)**	20
Marketing spends	*Rs. Crores*	**(558)**	**(447)**[1]	25
Other Overheads	*Rs. Crores*	**(935)**	**(1005)**[1]	(7)
EBITDA	*Rs. Crores*	**1084**	**576**	88
Other Income	*Rs. Crores*	**16**	**42**	(62)
Depreciation	*Rs. Crores*	**(187)**	**(182)**	3
EBIT	*Rs. Crores*	**913**	**435**	110
Interest	*Rs. Crores*	**(52)**	**(138)**	(62)
PBT before exceptional items	*Rs. Crores*	**860**	**297**	190
Exceptional items	*Rs. Crores*	**(36)**	**(75)**	(52)
PBT	*Rs. Crores*	**825**	**222**	271
Tax	*Rs. Crores*	**(191)**	**(79)**	(142)
PAT	*Rs. Crores*	**634**	**143**	343

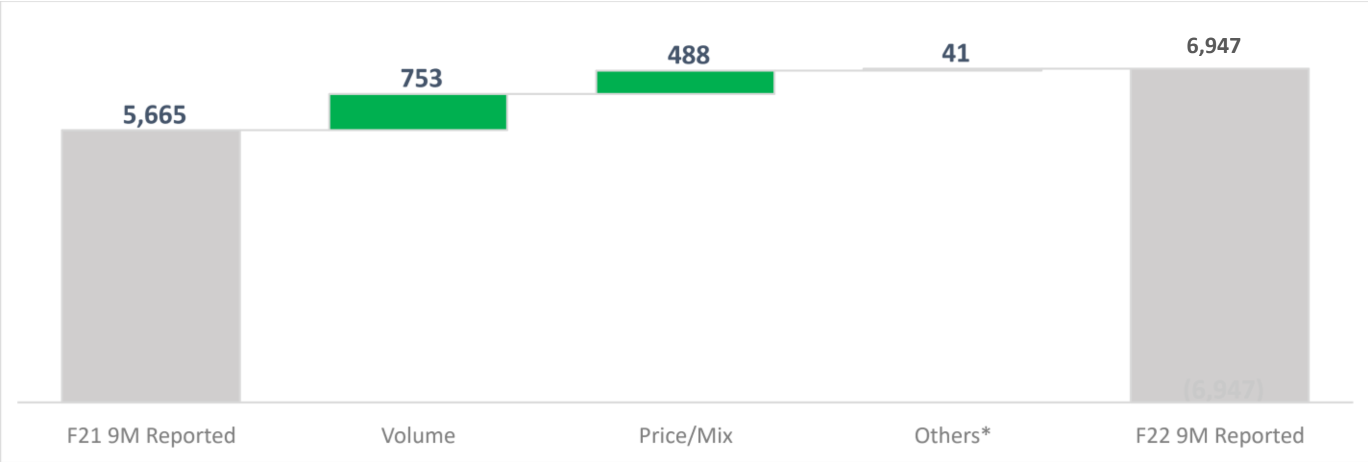
Key performance indicators as a % of net sales (reported):

		F22 9M	F21 9M	Movement bps
Gross profit	*%*	**44.3**	43.1	113
Staff cost	*%*	**(7.2)**	(7.3)	18
Marketing spend	*%*	**(8.0)**	(7.9)	(15)
Other Overheads	*%*	**(13.5)**	(17.7)	427
EBITDA	*%*	**15.6**	10.2	544
PAT	*%*	**9.1**	2.5	660
Basic earnings per share	*rupees*	**8.7**	2.0	6.8 rupees
Earnings per share before exceptional items	*rupees*	**11.8**	4.1	7.8 rupees

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

1 Marketing spends amounting of INR 100 million for the quarter ended December 31, 2020, INR 232 million for the nine months ended December 31, 2020 have been reclassified to Other expenses to conform with the current period's presentation and to enhance the comparability of the results.

Net sales (Rs. Crores)



* Others include primarily non IMFL sale

Reported net sales in the first nine months of the financial year increased 22.6%. This double-digit top line growth reflects improvement in trade conditions, favourabe product mix, excellent execution in the off-trade channel and recovery of on-trade. Excluding the one-off sale of bulk scotch, underlying net sales increased 21.9%. Net sales of Prestige & Above segment increased 26.9% while net sales of Popular segment increased 11.0%.

Overall volume increased 14.6% with growth of 16.7% in the Prestige & Above segment, outpacing the Popular segment's volume expansion of 12.2%. Underlying price/mix for the nine months was favourable 7.3%, mainly due to favourable product mix.

EBITDA (Rs. Crores, %, bps)

Reported EBITDA (Rs.1,084 Crores) increased 88.2% for the first nine months of the year and margin increased by 544bps.

Gross profit increase of Rs. 631 Crores was predominantly volume and mix led, supported by productivity savings, and lapping the Covid wave 1 led decline in the comparator period. On a reported basis, staff costs were 7.2% of sales, down 18bps. Other overheads were 13.5% of reported sales, down 427bps due to improved operating leverage on fixed costs, everyday efficiency savings and lapping one-off expense in the prior year. We upweighted our marketing investments every quarter to capitalise growth opportunity and the same for first nine months was back to pre-COVID levels at 8.0% of sales.

SEGMENT AND BRAND REVIEW

For the quarter and nine months ended 31 December 2021

Key segments:

For the nine months ended 31 December 2021

	Volume				Net Sales			
	F22 9M Reported *'000 cs*	F21 9M Reported *'000 cs*	Reported movement %	**Underlying movement %**	**F22 9M Reported *Rs. Cr.***	F21 9M Reported *Rs. Cr.*	Reported movement %	**Underlying movement %**
P&A	**31,734**	**27,192**	16.7	**16.7**	**5039**	3972	26.9	**26.9**
Popular	**26,684**	**23,779**	12.2	**12.2**	**1793**	1615	11.0	**11.0**
Other					**114**	78	46.7	**(5.3)**
TOTAL	**58,418**	**50,971**	**14.6**	**14.6**	**6947**	5665	22.6	**21.9**

For the quarter ended 31 December 2021

	Volume				Net Sales			
	F22 Q3 Reported *'000 cs*	F21 Q3 Reported *'000 cs*	Reported movement %	**Underlying movement %**	**F22 Q3 Reported *Rs. Cr.***	F21 Q3 Reported *Rs. Cr.*	Reported movement %	**Underlying movement %**
P&A	**12,347**	**11,438**	7.9	**7.9**	**2129**	1774	20.0	**20.0**
Popular	**9,794**	**9,903**	(1.1)	**(1.1)**	**676**	688	(1.7)	**(1.7)**
Other					**79**	26	199.6	**47.0**
TOTAL	**22,140**	**21,342**	**3.7**	**3.7**	**2885**	2489	15.9	**14.3**

[1] Includes bulk Scotch sale of Rs. 40 cr.

- The **Prestige & Above segment** accounted for 72.5% of net sales during the first nine months of the year, up 2.4ppts compared to the same period last year. Prestige & Above segment net sales increased 26.9% during the first nine months of the year due to weak prior period comparators.
  During the first nine months of the year, our premium and luxury portfolio grew faster than the Prestige portfolio led by our premiumisation drive. Within the Scotch portfolio, Johnnie Walker, Black & White, Black Dog and J&B delivered strong double-digit growth.

- The **Popular segment** accounted for 25.8% of net sales during the first nine months of the year, down 2.7ppt compared to the same period last year. The Popular segment net sales grew 11.0% during the first nine months. Net sales of the Popular segment in priority states grew 10% 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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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 **Thursday, 27 January 2022** at **4:30 pm** (IST time). If you would like to listen to the call or ask a question, please use the dial in detail below. A transcript of the conference call will be available for download on 31st January 2022 at www.diageoindia.com.

Conference Joining Information
Option 1
Express Join with Diamond*Pass*™ No Wait Time https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=3237428&linkSecurityString=d1360759c
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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France	0800914745
Germany	0080014243444
Hong Kong	800964448
Italy	0080014243444
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Singapore	8001012045
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