

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

21st May 2021

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 audited financial results for the quarter and year ended 31st March 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 audited standalone and consolidated financial results of the Company for the quarter and year ended 31st March 2021 ("AFR"). The Auditor's Report ("AR") thereon, received from the Statutory Auditors of the Company on the standalone and consolidated financial results were placed at the said Meeting. AFR along with the AR and a Press Release in respect of this AFR are enclosed and are being uploaded on to your websites along with this letter.

The auditors have issued an unmodified opinion, as referred in para 2 of AR on the standalone financial results and para 2 of AR on consolidated financial results.

The Board meeting commenced at 14:51 hours IST and concluded at 16:55 hours IST.

Thank you,

For United Spirits Limited

Mital Sanghvi
Company Secretary

Encl: as Above



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Standalone Statement of Financial Results for the quarter and year ended March 31, 2021

(INR in Millions except for earnings per share data)

Particulars	3 months ended March 31, 2021	3 months ended December 31, 2020	3 months ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
	Refer Note 13	Unaudited	Refer Note 13	Audited	
1 Income					
(a) Revenue from operations	76,721	82,260	64,223	2,71,764	2,85,892
(b) Other income	61	194	41	478	455
Total income	76,782	82,454	64,264	2,72,242	2,86,347
2 Expenses:					
(a) Cost of materials consumed	9,732	12,521	11,357	39,886	46,239
(b) Purchase of stock-in-trade	1,186	1,449	409	3,494	2,907
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,550	(185)	(236)	1,302	1,074
(d) Excise duty	54,477	57,373	44,285	1,92,872	1,94,983
(e) Employee benefits expense	1,241	1,560	1,106	5,404	5,143
(f) Finance costs	275	377	480	1,658	1,907
(g) Depreciation and amortisation expense	670	614	678	2,493	2,275
(h) Others:					
(i) Advertisement and sales promotion	1,017	2,346	1,200	5,716	7,153
(ii) Loss allowance on trade receivables and other financial assets (net)	(31)	(56)	(164)	484	(503)
(iii) Other expenses	3,431	3,414	3,552	12,729	13,835
Total expenses	73,548	79,413	62,667	2,66,038	2,75,013
3 Profit / (loss) before exceptional items and tax (1 - 2)	3,234	3,041	1,597	6,204	11,334
4 Exceptional items, net (Refer Note 9)	(764)	-	13	(1,514)	13
5 Profit / (loss) before tax (3 + 4)	2,470	3,041	1,610	4,690	11,347
6 Tax expense					
(a) Current tax	612	824	372	1,764	3,063
(b) Current tax relating to earlier years	(20)	(13)	857	(37)	857
(c) Deferred tax charge / (credit)	205	(69)	142	(140)	380
Total tax expense	797	742	1,371	1,587	4,300
7 Profit / (loss) for the period (5 - 6)	1,673	2,299	239	3,103	7,047
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	76	-	1	76	(366)
(ii) Income tax credit / (charge) relating to these items	(19)	-	-	(19)	92
Other comprehensive income, net of income tax	57	-	1	57	(274)
9 Total Comprehensive Income (7 + 8)	1,730	2,299	240	3,160	6,773
10 Earnings per share of INR 2/- each:					
Basic and Diluted (in INR)	2.30	3.16	0.33	4.27	9.70

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Consolidated Statement of Financial Results for the quarter and year ended March 31, 2021

(INR in Millions except for earnings per share data)

Particulars	3 months ended March 31, 2021	3 months ended December 31, 2020	3 months ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
	Refer Note 13	Unaudited	Refer Note 13	Audited	
1 Income					
(a) Revenue from operations	76,781	84,103	64,190	2,74,185	2,88,237
(b) Other income	46	188	79	396	220
Total income	76,827	84,291	64,269	2,74,581	2,88,457
2 Expenses:					
(a) Cost of materials consumed	9,624	12,546	11,381	39,731	46,398
(b) Purchase of stock-in-trade	1,186	1,449	409	3,494	2,907
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,602	(230)	(326)	1,331	984
(d) Excise duty	54,477	57,373	44,285	1,92,872	1,94,983
(e) Employee benefits expense	1,289	1,602	1,094	5,564	5,300
(f) Finance costs	334	429	529	1,876	2,120
(g) Depreciation, amortisation and impairment expense	770	789	851	2,991	2,853
(h) Others:					
(i) Advertisement and sales promotion	1,030	2,344	1,195	5,747	7,173
(ii) Loss allowance on trade receivables and other financial assets (net)	(5)	(56)	(112)	510	(551)
(iii) Other expenses	3,615	4,499	3,784	14,409	15,320
Total expenses	73,922	80,745	63,090	2,68,525	2,77,487
3 Profit / (loss) before share of net profit / (loss) in associate, exceptional items and tax (1-2)	2,905	3,546	1,179	6,056	10,970
4 Share of net profit / (loss) in associates	-	(5)	(10)	(13)	(33)
5 Profit / (loss) before exceptional items and tax (3+4)	2,905	3,541	1,169	6,043	10,937
6 Exceptional items, net (Refer Note 9)	(95)	202	666	(643)	666
7 Profit / (loss) before tax (5 + 6)	2,810	3,743	1,835	5,400	11,603
8 Tax expense					
(a) Current tax	612	824	372	1,764	3,063
(b) Current tax relating to earlier years	(14)	(13)	857	(31)	857
(c) Deferred tax charge / (credit)	179	129	9	46	1,373
(d) MAT credit written-off / (entitlement)	-	-	104	-	104
Total tax expense	777	940	1,342	1,779	5,397
9 Profit / (loss) for the period (7-8)	2,033	2,803	493	3,621	6,206
10 Other Comprehensive Income					
A. Items that will be reclassified to profit or loss					
(i) Exchange differences on translation of foreign operations	1	9	7	15	49
B. Items that will not be reclassified to profit or loss					
(i) Remeasurements of post-employment benefit plans	67	-	8	67	(360)
(ii) Income tax credit / (charge) relating to these items	(19)	-	(1)	(19)	91
Other comprehensive income, net of income tax	49	9	14	63	(220)
11 Total Comprehensive Income (9+10)	2,082	2,812	507	3,684	5,986
12(a) Profit attributable to:					
Owners	2,087	2,870	584	3,836	6,589
Non-controlling interest	(54)	(67)	(91)	(215)	(383)
	2,033	2,803	493	3,621	6,206
12(b) Other comprehensive income attributable to:					
Owners	51	9	13	65	(221)
Non-controlling interest	(2)	-	1	(2)	1
	49	9	14	63	(220)
12(c) Total comprehensive income attributable to: (12(a) + 12(b))					
Owners	2,138	2,879	597	3,901	6,368
Non controlling Interest	(56)	(67)	(90)	(217)	(382)
	2,082	2,812	507	3,684	5,986
13 Earnings per share of INR 2/- each: [Refer Note below]					
Basic and Diluted (in INR)	2.94	4.05	0.82	5.41	9.29

Note:

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

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Standalone Statement of Assets and Liabilities as at March 31, 2021

(INR in Millions)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	Audited	
ASSETS		
Non-current assets		
Property, plant and equipment	11,048	11,069
Right-of-use assets	1,644	1,975
Capital work-in-progress	781	1,017
Intangible assets	316	303
Intangible assets under development	84	170
Investments in subsidiaries and associate	2,021	2,526
Financial assets		
Loans	1,742	4,000
Other financial assets	792	770
Deferred tax assets (net)	1,711	1,590
Current tax assets (net) (Non-current)	10,367	10,714
Other non-current assets	2,914	3,592
Total non-current assets	33,420	37,726
Current assets		
Inventories	19,810	18,361
Financial assets		
Trade receivables	21,601	22,835
Cash and cash equivalents	492	271
Bank balances other than cash and cash equivalents	61	74
Loans	1,005	159
Other financial assets	2,047	2,915
Other current assets	2,976	3,204
Total current assets	47,992	47,819
Total assets	81,412	85,545
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,453	1,453
Other equity		
Reserves and surplus	39,815	36,644
Total equity	41,268	38,097
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Lease liabilities	925	1,203
Provisions	75	70
Total non-current liabilities	1,000	1,273
Current liabilities		
Financial liabilities		
Borrowings	5,556	13,230
Lease liabilities	653	762
Trade payables		
(A) total outstanding dues of micro and small enterprises	640	440
(B) total outstanding dues of creditors other than micro and small enterprises	13,173	11,272
Other financial liabilities	1,921	9,246
Provisions	5,379	4,275
Current tax liabilities (net)	3,225	2,976
Other current liabilities	8,597	3,974
Total current liabilities	39,144	46,175
Total liabilities	40,144	47,448
Total equity and liabilities	81,412	85,545

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Consolidated Statement of Assets and Liabilities as at March 31, 2021

(INR in Millions)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	Audited	
ASSETS		
Non-current assets		
Property, plant and equipment	13,247	13,538
Right-of-use assets	1,644	1,975
Capital work-in-progress	883	1,041
Goodwill	210	210
Other Intangible assets	3,755	3,836
Intangible assets under development	84	170
Investment Property	75	-
Investments accounted for using equity method	-	219
Investments	-	-
Financial assets		
Loans	162	184
Other financial assets	1,651	1,754
Deferred tax assets (net)	1,711	1,590
Current tax assets (net) (Non-current)	10,823	11,361
Other non-current assets	3,095	3,932
Total non-current assets	37,340	39,810
Current assets		
Inventories	20,519	19,275
Financial assets		
Trade receivables	21,872	22,835
Cash and cash equivalents	778	661
Bank balances other than cash and cash equivalents	61	74
Loans	156	160
Other financial assets	2,186	3,058
Other current assets	2,458	2,570
Total current assets	48,030	48,633
Assets held for sale	-	70
Total assets	85,370	88,513
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,453	1,453
Other equity		
Reserves and surplus	39,745	35,827
Equity attributable to the owners of the United Spirits Limited	41,198	37,280
Non-controlling interests	(609)	(413)
Total equity	40,589	36,867
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	22	147
Lease liabilities	925	1,203
Provisions	96	82
Deferred tax liabilities	261	76
Other non-current liabilities	100	200
Total non-current liabilities	1,404	1,708
Current liabilities		
Financial liabilities		
Borrowings	8,745	16,060
Lease liabilities	653	762
Trade payables		
(A) total outstanding dues of micro and small enterprises	662	469
(B) total outstanding dues of creditors other than micro and small enterprises	13,510	11,525
Other financial liabilities	1,998	9,426
Provisions	5,738	4,539
Current tax liabilities (net)	3,225	2,976
Other current liabilities	8,846	4,181
Total current liabilities	43,377	49,938
Total liabilities	44,781	51,646
Total equity and liabilities	85,370	88,513

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Standalone Statement of Cash flows for the year ended March 31, 2021

(INR in Millions)

	Year ended March 31, 2021	Year ended March 31, 2020
	Audited	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,690	11,347
Adjustments for		
Depreciation, amortisation and impairment expense	2,493	2,275
Employee share-based payment expense	66	124
Loss allowance on trade receivables and other financial assets (net)	484	(503)
Provision for doubtful other assets (net)	59	(20)
Exchange (gain) / loss (net) on translation of foreign currency monetary assets and liabilities	11	(24)
Finance costs	1,658	1,907
Liabilities, provisions no longer required written back	(82)	(60)
Gain on disposal of property, plant and equipment (net)	(165)	(63)
Interest income	(230)	(281)
Exceptional items, net (Refer Note 9)	1,514	(13)
Operating profit before changes in working capital	10,498	14,689
(Increase) / decrease in trade receivables	913	2,515
(Increase) / decrease in loans and other financial assets	735	(991)
(Increase) / decrease in other assets	614	(228)
(Increase) / decrease in inventories	(1,449)	406
Increase / (decrease) in trade payables	2,032	(1,683)
Increase / (decrease) in other financial liabilities	315	(399)
Increase / (decrease) in other liabilities	4,623	(1,944)
Increase / (decrease) in provisions	253	(37)
Cash generated from operations	18,534	12,328
Income taxes paid (net of refund)	(1,252)	(5,658)
Net cash generated from operating activities (A)	17,282	6,670
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(1,411)	(2,096)
Advance lease payments for right-of-use assets	(148)	-
Proceeds from sale of property, plant and equipment	349	118
Investment in an associate	(20)	-
Proceeds from sale of investment in subsidiaries	300	-
Loans given to subsidiaries	(1,525)	(1,739)
Repayment of loans by subsidiaries	2,398	2,343
Interest received	191	1,639
Net cash inflow from investing activities (B)	134	265
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(7,500)	-
Repayment of commercial papers	-	(9,000)
Net proceeds / (repayment) of working capital loans	(7,674)	4,073
Interest paid on borrowings	(1,058)	(1,439)
Principal repayment of lease liabilities	(807)	(645)
Interest paid on lease liabilities	(156)	(162)
Net cash outflow from financing activities (C)	(17,195)	(7,173)
Net increase / (decrease) in cash and cash equivalents [D = A+B+C]	221	(238)
Cash and cash equivalents as at the beginning of the year (E)	271	509
Effects of exchange rate changes on cash and cash equivalents	0	0
Net increase / (decrease) in cash and cash equivalents	221	(238)
Cash and cash equivalents as at the end of the year [D+E]	492	271

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Consolidated Statement of Cash flows for the year ended March 31, 2021

(INR in Millions)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Audited	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,400	11,603
Adjustments for		
Depreciation, amortisation and impairment expense	2,991	2,853
Employee share-based payment expense	66	124
Loss allowance on trade receivables and other financial assets (net)	510	(551)
Provision for doubtful other assets (net)	61	(16)
Exchange gain (net) on translation of assets and liabilities	15	49
Finance costs	1,876	2,120
Liabilities, provisions no longer required written back	(86)	(79)
Gain on disposal of property, plant and equipment (net)	(168)	(52)
Interest income	(111)	(62)
Share of net (profit)/loss in associate accounted for using equity method	13	33
Exceptional items, net (Refer Note 9)	643	(666)
Operating profit before changes in working capital	11,210	15,356
(Increase) / decrease in trade receivables	652	2,713
(Increase) / decrease in loans and other financial assets	811	444
(Increase) / decrease in other assets	474	(124)
(Increase) / decrease in inventories	(1,244)	68
Increase / (decrease) in trade payables	2,092	(2,010)
Increase / (decrease) in other financial liabilities	328	(541)
Increase / (decrease) in other liabilities	4,565	(2,341)
Increase / (decrease) in provisions	357	95
Cash generated from operations	19,245	13,660
Income taxes paid (net of refund)	(1,068)	(5,828)
Net cash generated from operating activities (A)	18,177	7,832
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(1,589)	(2,116)
Advance lease payments for right-of-use assets	(148)	-
Proceeds from sale of property, plant and equipment and assets held for sale	354	118
Proceeds from sale of subsidiaries	300	-
Investment in an associate	(20)	-
Interest received	111	62
Net cash inflow / (outflow) from investing activities (B)	(992)	(1,936)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of commercial papers	-	(9,000)
Repayment of long term loans	(7,500)	-
Net proceeds / (repayment) of working capital loans	(7,315)	4,095
Repayment of deferred sales tax liability	(26)	(38)
Interest paid on borrowings	(1,264)	(1,649)
Principal repayment of lease liabilities	(807)	(645)
Interest paid on lease liabilities	(156)	(162)
Net cash inflow / (outflow) from financing activities (C)	(17,068)	(7,399)
Net increase / (decrease) in cash and cash equivalents [D = A+B+C]	117	(1,503)
Cash and cash equivalents as at the beginning of the year (E)	661	2,164
Effects of exchange rate changes on cash and cash equivalents	0	0
Net increase / (decrease) in cash and cash equivalents	117	(1,503)
Cash and cash equivalents as at the end of the year [D+E]	778	661

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 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 ("TDPL") [ceased to be a subsidiary w.e.f. January 27, 2021. Refer Note 6]

Overseas subsidiaries:

- Asian Opportunities and Investments Limited
- Liquidity, Inc. [ceased to be a subsidiary w.e.f. December 18, 2020. Refer Note 4(b)(iii)]
- McDowell & Co. (Scotland) Limited
- Montrose International S.A [Refer Note 4(b)(iv)]
- UB Sports Management Overseas Limited (merged with Palmer Investment Group Limited w.e.f. July 15, 2020) [Refer Note 4 (b)(ii)]
- 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

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.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 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 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.

(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. The Company received an order on July 22, 2020 from the Jersey Financial Service Commission, Company Registry, with respect to the merger of UB Sports Management Overseas Limited with Palmer Investments Group Limited. Consequently, UB Sports Management Overseas Limited stands merged with Palmer Investment Group Limited with effect from July 15, 2020. The Company has made the relevant filing with the RBI on December 21, 2020 for the above merger.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 31, 2021 – Contd.

- iii. On December 01, 2020, the Company received a no-objection letter from the RBI, for stake sale in Liquidity, Inc. On December 18, 2020, the Company completed the sale of its entire shareholding in Liquidity, Inc. to its joint venture partner, Plonk!, LLC, a Delaware limited liability company. The business was sold for a sale consideration of USD 1. As a pre-condition to the stake sale, the Company waived a loan of INR 66 million provided to Liquidity, Inc. The loan was fully provided for in an earlier year and hence there was no impact on the Standalone and Consolidated Statements of Financial Results, upon waiver. Following the completion of the sale, Liquidity Inc ceased to be a subsidiary of the Company. This transaction resulted in a profit of Nil and INR 202 million and has been accounted as an exceptional item in the Standalone and Consolidated Statements of Financial Results respectively for the quarter and year ended March 31, 2021. Also refer Note 9(f).
- iv. On December 01, 2020, the Company received a no-objection letter from the Reserve Bank of India (RBI), for the liquidation of Montrose International S.A and initiated the liquidation proceedings of Montrose International S.A,. Subsequent to the year end, Montrose International S.A. has been liquidated with effect from April 16, 2021.
- v. 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) Montrose International SA (viii) United Spirits (Shanghai) Trading Company Limited (ix) Asian Opportunities and Investments Limited and (x) 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 March 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 8,719 million up to March 31, 2021. The Company has offset payable to UBHL under the trademark agreement amounting to INR 59 million and 303 million for the quarter and year ended March 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 March 31, 2021 amounted to INR 1,987 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, The Official Liquidator and the Company exchanged correspondences.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 31, 2021 – Contd.

(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. There have been no developments with respect to this matter during the year ended March 31, 2021.

(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;

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 31, 2021 – Contd.

- iv. as disclosed in each of the annual financial statements commencing from year ended March 31, 2017, from the Company's authorised 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 Authorised Dealer from time to time on Annual Performance Reports ('APR') for prior years; to which the Company is in the process of responding and (D) compliances relating to the Company's overseas Branch office, which the Company has duly responded to.

(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.

There have been no further developments in this respect during the year ended March 31, 2021. 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 year ended March 31, 2021.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 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 year ended March 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 to the Company until pending issues of recovery were resolved. It appears that the customer is referring to, and seeking to review, the historical and settled issue regarding differential trade terms which was disclosed in the annual financial statements for the years ended March 31, 2017 and March 31, 2018. The matter related to a voluntary disclosure made by the Company regarding prices historically charged to the customer being inconsistent with the agreed trading terms. Post internal deliberations, the customer raised claims for recoveries against the Company, which the customer acknowledged as having been fully recovered in the year ended March 31, 2018. The customer and the Company also agreed revised trading terms for future supplies and normal business operations resumed until this letter was received. Based on legal advice the Company believes that it has no further liability towards the customer and that the trade receivable from the customer is good and fully recoverable and the Company has responded to the customer accordingly. The Company is in consultation with the customer and discussions are ongoing as at the date of approval of the annual financial statements.

5. Commitment towards "Raising the Bar" programme

As per the announcement made to the stock exchanges dated June 24, 2020, the Company as part of Diageo group's COVID-19 ("Raising the Bar") programme, has committed to spend INR 750 million over a period of two years from July 1, 2020, in order to support the post Covid-19 revival and recovery of pubs, bars and restaurants serving alcohol.

Raising the Bar aims to provide non-cash support to qualifying pubs, bars and restaurants serving alcohol in Mumbai, Delhi, Bengaluru and other select cities through the Diageo Bar Academy. The programme includes providing hygiene kits, a range of personal protection equipment (such as masks, gloves, hand sanitizers), digital support and training to help these outlets effectively maintain social distancing and enhanced hygiene standards while deploying confidence building measures for consumers to safely visit and socialize. The amount of INR 750 million has been accounted as exceptional item in the Standalone and Consolidated Statements of Financial Results for the year ended March 31, 2021. Also refer Note 9(g).

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 31, 2021 – Contd.

6. Sale of Tern Distilleries Private Limited

On January 27, 2021, the Company completed the sale of its equity shares held by the Company in its wholly owned subsidiary, Tern Distilleries Ltd to NCL Industries Limited. The shares were sold for a total consideration of INR 300 million. Following the completion of the sale, the Company does not hold any shares in Tern Distilleries Private Limited and Tern Distilleries Private Limited has ceased to be a subsidiary of the Company. Prior to the sale, the Company has written-off loan provided to Tern of INR 54 million. The sale transaction resulted in a profit of INR 103 million and INR 131 million in the Standalone and Consolidated Statements of Financial Results respectively. Both the loan written-off and profit on sale have been presented as exceptional items. Also refer Note 9 (e) and (f).

7. 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 and the respective shareholders and creditors of PDL and of the Company. 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.

8. Loan conversion to equity

The Company had granted from time to time interest free loans to USL Holdings Limited, a wholly owned overseas subsidiary of the Company incorporated in British Virgin Islands (USL Holdings, BVI). The outstanding loan stood at USD 766,140,114 (INR 56,268 million), as of September 21, 2020. Pursuant to the decision taken by the board at their meeting held on July 27, 2020, conversion of the said loans into equity shares was completed on September 21, 2020 by allotting 766,140,114 equity shares of USD 1 to the Company by USL Holdings, BVI. The Company has made the relevant filing with the RBI on December 19, 2020 for the above transaction.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 31, 2021 – Contd.

9. Exceptional items

Sl.	Particulars	Quarter ended March 31, 2021		Year ended March 31, 2021	
		Standalone	Consolidated	Standalone	Consolidated
(a)	Impairment in the value of Investment in a subsidiary and associate	(318)	(206)	(318)	(206)
(b)	Fair value loss on financial assets mandatorily measured at fair value through profit or loss	(20)	(20)	(20)	(20)
(c)	Loss allowance on loans due from subsidiaries	(540)	-	(540)	-
(d)	Reversal of loss allowance on loans due from subsidiaries	65	-	65	-
(e)	Loans due from a subsidiary written-off [Refer Note 6]	(54)	-	(54)	-
(f)	Gain on disposal of Investment in a subsidiary [Refer Note 4(b)(iii) and 6]	103	131	103	333
(g)	Commitment towards “Raising the Bar” programme [Refer Note 5]	-	-	(750)	(750)
	Total exceptional items, net	(764)	(95)	(1,514)	(643)

10. Disclosures pertaining as ‘large corporate’ under SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018:

Details relating to identification as a ‘Large Corporate’:

Sl. no.	Particulars	Details
1	Name of the Company	United Spirits Limited
2	CIN	L01551KA1999PLC024991
3	Outstanding borrowing of company as on March 31, 2021	Nil #
4	Highest credit rating during the previous financial year along with name of the Credit Rating Agency	AA+ (Long-term) by ICRA and CRISIL
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	National Stock Exchange of India Limited

The outstanding amount disclosed above does not include outstanding non-current Lease liabilities of INR 1,578 million as at March 31, 2021.

We confirm that we are not a Large Corporate as per the applicability criteria given under the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018 (“Circular”).

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 31, 2021 – Contd.

Details of incremental borrowings done during the financial year ended March 31, 2021:

S.No.	Particulars	Details
i.	Incremental borrowing done in FY 2020 (a)	NIL
ii.	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	NA
iii.	Actual borrowings done through debt securities in FY 2020 (c)	NIL
iv.	Shortfall in the mandatory borrowing through debt securities, if any (d) = (b) - (c)	NA
v.	Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

11. 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 a curfew or lockdown, including as a result of the recent surge in the spread of Covid-19 in India subsequent to the year end.

With respect to the Company's subsidiary, Royal Challengers Sports Private Limited, IPL 2021, which commenced on April 09, 2021 was suspended on May 04, 2021 until further notice.

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.

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 in the standalone and consolidated financial results for the quarter and year ended March 31, 2021. The Company continues to maintain a positive outlook for the next financial year and will continue to monitor changes in future economic conditions.

12. 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 is expected to be completed by December 31, 2021. The Company believes that there is no impact on account of this strategic review to the standalone and consolidated financial results for the quarter and year ended March 31, 2021.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 31, 2021 – Contd.

13. Figures for the quarters ended March 31, 2021 and March 31, 2020, are the balancing figures between audited figures in respect of the respective full financial years and the published year-to-date figures up to the third quarter of the respective financial years, as adjusted for certain regroupings/ reclassifications.
14. The comparative figures for the previous periods presented have been regrouped/ reclassified where considered necessary, to conform with the current period's presentation for the purpose of comparability.
15. The Statement of Standalone and Consolidated Financial Results for the quarter and year ended March 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 May 21, 2021.

By authority of the Board

DIBYENDU MAJUMDER
Digitally signed by
DIBYENDU MAJUMDER
Date: 2021.05.21
16:27:04 +05'30'

Place: Mumbai
Date: May 21, 2021

ANAND THIRUMALACHAR KRIPALU
Digitally signed by ANAND
THIRUMALACHAR KRIPALU
Date: 2021.05.21 15:25:40 +05'30'

Anand Kripalu
Managing Director and Chief Executive Officer

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Audit of the Consolidated Financial Results

Opinion

1. We have audited the accompanying consolidated annual financial results of United Spirits Limited (hereinafter referred to as the "Holding company"), its subsidiaries and a trust controlled by it, (Holding Company, its subsidiaries and the trust together referred to as "the Group") and its associate company (Refer note 2 to the Consolidated Financial Results) for the year ended March 31, 2021, the consolidated statement of assets and liabilities and the consolidated statement of cash flows as at and for the year ended on that date together with notes thereon, attached herewith (hereinafter referred to as the "Consolidated Financial Results"), 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. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements of the overseas subsidiaries and a trust controlled by the Holding Company, the aforesaid Consolidated Financial Results:
 - a) include the annual financial 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 from January 27, 2021)

Overseas subsidiaries:

- Asian Opportunities and Investments Limited
- Liquidity Inc. (ceased to be a subsidiary from December 18, 2020)
- McDowell & Co. (Scotland) Limited
- Montrose International S.A
- 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

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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/E-300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Consolidated Financial Results

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Trust controlled by the Holding Company:

- USL Benefit Trust

The Consolidated Financial Results also include 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

- b) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, as amended; and
- c) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Group and its associate company for the year ended March 31, 2021 and the consolidated statement of assets and liabilities and the consolidated statement of cash flows as at and for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Results' section of our report. We are independent of the Group and its associate company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in paragraphs 12 and 13 of the "Other Matters" section of our report below, other than the unaudited financial information as certified by the Management and referred to in paragraph 14 of the "Other Matters" section of our report below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. 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 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.

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Consolidated Financial Results

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- 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)(v) to the Consolidated Financial Results and as included in the reports of other auditors, consequent to the rationalisation process initiated by the Group in respect of 10 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 March 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/ is in the process of responding.
- 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 development by the Holding Company in this respect have been described in the said note.

Our opinion is not modified in respect of the matters described under paragraph 4 above.

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Consolidated Financial Results

Page 4 of 7

Management's Responsibilities for the Consolidated Financial Results

5. These Consolidated Financial Results have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial statement that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group including associate company and the consolidated statement of assets and liabilities and the consolidated statement of cash flows in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its associate company and the trustees of the Trust are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associate company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.
6. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate company and the trustees of the Trust are responsible for assessing the ability of the Group and of its associate company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors or the trustees either intends to liquidate the Group and its associate company or to cease operations, or has no realistic alternative but to do so.
7. The respective Board of Directors of the companies and the trustees of the Trust included in the Group and of its associate company are responsible for overseeing the financial reporting process the Group and of its associate company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

8. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Consolidated Financial Results.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - a) Identify and assess the risks of material misstatement of the Consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Consolidated Financial Results

Page 5 of 7

- b) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls. (Refer paragraph 17 below).
 - c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - d) Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate company to cease to continue as going concern.
 - e) Evaluate the overall presentation, structure and content of the Consolidated Financial Results, including the disclosures, and whether the Consolidated Financial Results represents the underlying transactions and events in a manner that achieves fair presentation.
 - f) Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group and financial information of its associate company to express an opinion on the Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Results of which we are the independent auditors. For the other entities included in the Consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
10. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
11. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Consolidated Financial Results

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Other Matters

12. We did not audit the financial statements of one trust controlled by the Holding Company and incorporated in India, included in the Consolidated Financial Results, whose financial statements reflect total assets of INR 41 million and net assets of INR 41 million as at March 31, 2021, total revenue of Nil, total comprehensive loss (comprising of loss and other comprehensive income) of INR 0* million and net cash outflows of INR 0* million for the year ended March 31, 2021, have been prepared in accordance with accounting principles applicable to the trust and have been audited by the other auditor under generally accepted auditing standards applicable in India. The Holding Company's management has converted the financial statements of the trust from the accounting principles followed by the trust to the accounting principles applicable to the Holding Company. We have audited these conversion adjustments as necessary made by the Holding Company's management. Our opinion on the Consolidated Financial Results insofar as it relates to the balances and affairs of the trust, including other information, is based on the report of the other auditor and the conversion adjustments prepared by the Management of the Holding Company as necessary and audited by us.

(*) 'o' indicates that the amounts involved are below INR five lakhs.

13. We did not audit the financial statements of 11 subsidiaries located outside India, included in the Consolidated Financial Results, whose financial statements constitute total assets of INR 316 million and net assets of INR 297 million as at March 31, 2021, total revenues of Nil, total comprehensive loss (comprising of loss and other comprehensive income) of INR 21 million and net cash outflows of INR 15 million for the year ended March 31, 2021, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments as necessary made by the Holding Company's management. Our opinion on the Consolidated Financial Results insofar as it relates to the balances and affairs of such subsidiaries located outside India, including other information, is based on the reports of other auditors and the conversion adjustments prepared by the Management of the Holding Company as necessary and audited by us.

14. The Consolidated Financial Results include: (i) financial information relating to 3 subsidiaries which have either been sold or merged during the year and which reflect total assets of Nil and net assets of Nil as at March 31, 2021, total revenue of Nil, total comprehensive loss (comprising of loss and other comprehensive income) of INR 32 million and net cash outflows amounting to INR 2 million for the year then ended; and ii) Group's share of total comprehensive loss of INR 13 million (comprising of loss and other comprehensive income) for the year ended March 31, 2021 in respect of one associate company. The said financial information relating to the 3 subsidiaries and the associate company have not been audited by us. The financial information relating to these subsidiaries and the associate company are unaudited and have been furnished to us by the Management of the Holding Company, and our opinion on the Consolidated Financial Results, insofar as it relates to the amounts and disclosures included in respect of the aforesaid subsidiaries and the associate company, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Holding Company's Management, such financial information are not material to the Group.

15. Our opinion on the Consolidated Financial Results is not modified in respect of the above matters specified in paragraphs 12 and 13 with respect to our reliance on the work done and the reports of the other auditors and as specified in paragraph 14 with respect to the financial information certified by the Management.

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Consolidated Financial Results

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16. The Consolidated Financial Results include the results for the quarter ended March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which are neither subject to limited review nor audited by us.
17. The Consolidated Financial Results dealt with by this report have been prepared for the express purpose of filing with BSE Limited and National Stock Exchange Limited. These results are based on and should be read with the audited consolidated financial statements of the group and its associate company for the year ended March 31, 2021 on which we have issued an unmodified audit opinion vide our report dated May 21, 2021.

Our opinion is not modified in respect of matters specified in paragraphs 16 and 17 above.

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

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MAJUMDER

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Date: 2021.05.21 16:30:08
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Dibyendu Majumder
Partner

Membership Number: 057687

UDIN: 21057687AAAAAS2106

Place: Bengaluru

Date: May 21, 2021

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Audit of Standalone Financial Results

Opinion

1. We have audited the standalone annual financial results of United Spirits Limited (the "Company") for the year ended March 31, 2021, the standalone statement of assets and liabilities and the standalone statement of cash flows as at and for the year ended on that date together with notes thereon, attached herewith (hereinafter referred to as the "Standalone Financial Results"), being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Results:
 - a) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - b) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013 ('Act') and other accounting principles generally accepted in India, of the net profit, other comprehensive income and other financial information of the Company for the year ended March 31, 2021 and the standalone statement of assets and liabilities and the standalone statement of cash flows as at and for the year ended on that date.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Results' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

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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/E-300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of United Spirits Limited
Report on the Standalone Financial Results
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Emphasis of matter

4. 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 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 communication received from the Company's authorised dealer banks ('AD') to which the Company has responded to/ is in the process of responding.
 - 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.

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Standalone Financial Results

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- 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 development by the Company in this respect have been described in the said note.

Our opinion is not modified in respect of the matters described under paragraph 4 above.

Board of Directors' Responsibilities for the Standalone Financial Results

5. This Standalone Financial Results has been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of this Standalone Financial Results that gives a true and fair view of the net profit and other comprehensive income and other financial information of the Company and the standalone statement of assets and liabilities and the standalone statement of cash flows in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Standalone Financial Results by the Directors of the Company, as aforesaid.
6. In preparing the Standalone Financial Results, the Board of Directors of the Company are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors of the Company are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

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

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Standalone Financial Results

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9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - a) Identify and assess the risks of material misstatement of the Standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
 - b) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls. (Refer paragraph 12 below)
 - c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - d) Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - e) Evaluate the overall presentation, structure and content of the Standalone Financial Results, including the disclosures, and whether the Standalone Financial Results represents the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

11. The Standalone Financial Results include the results for the quarter ended March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which are neither subject to limited review nor audited by us.

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of United Spirits Limited
Report on the Standalone Financial Results
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12. The Standalone Financial Results dealt with by this report has been prepared for the express purpose of filing with BSE Limited and National Stock Exchange Limited. The Standalone Financial Results is based on and should be read with the audited standalone financial statements of the Company for the year ended March 31, 2021 on which we issued an unmodified audit opinion vide our report dated May 21, 2021.

Our opinion is not modified in respect of these matters described under Paragraphs 11 and 12.

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

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Date: 2021.05.21
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Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 21057687AAAAAR8179

Place: Bengaluru
Date: May 21, 2021

UNITED SPIRITS LIMITED

PRESS RELEASE

Unaudited financial results for the quarter and financial year ended 31 March 2021
(Standalone only)



Continued sequential momentum, good sales mix and steady margin and cash generation
Fourth quarter performance highlights:

- Reported net sales increased 11.6% driven by continued off-trade momentum and weaker comparatives, offset by contraction of owned business in Andhra Pradesh (AP) and softer footfalls in on-trade channel. Underlying net sales, excluding the prior year one-off sale of bulk Scotch, increased 16.1%.
- Prestige & Above segment net sales grew 25.8% benefitting from a strong scotch demand and weak comparatives.
- Popular segment net sales declined 3.1%, led by a decline of 4.3% in priority states. West Bengal sales saw a steep decline due to high taxes imposed.
- Gross margin was 43.9%, up 178bps versus last year, driven by benign commodities, superior mix, and continued management focus on productivity.
- Reported EBITDA was Rs. 412 Crores, up 51.8%. Reported EBITDA margin was 18.5%, up 491bps, driven by gross margin enhancement; lower advertising and promotional spends during the quarter and on-going cost optimisation measures.
- Interest cost was Rs. 28 Crores, down 42.7% driven by continued debt reduction and lower interest rates.
- Exceptional item includes impairment of part inter-company loan provided to Pioneer Distilleries Ltd and investment made in Hip Bar.
- Profit after tax was Rs. 167 Crores and PAT margin was 7.5%. PAT was 601.5% higher than same quarter in the prior year lapping an exceptional tax charge in the prior year

Full year performance highlights:

- Reported net sales were down 13.2%, Prestige & Above segment net sales declined 7.2%. Popular segment net sales declined 17.7% within which the priority states contracted 15.9%. This was driven by organic decline due to a debilitating impact of Covid-19 pandemic led lockdowns in Q-1 of the Financial Year and the high Covid-led taxes impacting consumption in select geographies. Underlying net sales, excluding the prior year one-off sale of bulk Scotch, declined 10.8%. After a tough Q-1, the business has delivered sequential improvement quarter on quarter in net sales performance demonstrating resilience and excluding AP our underlying growth was 6% in this period.
- Reported gross margin was 43.4%, down 140bps, driven primarily by contraction of owned and franchise business in AP, resultant impact on South franchise business and associated cost provisions. Full year gross margin was further impacted due to lower net sales driven by the Covid-19 led lockdowns.
- Reported EBITDA was Rs. 988 Crores, down 34.4%; reported EBITDA margin was 12.5%, down 405bps primarily due to negative impact of fixed cost de-leverage. After adjusting for the one-off impact of bulk Scotch sale and restructuring costs, underlying EBITDA declined 29.7%.
- Interest costs were Rs. 166 Crores, 13.1% lower than last year, mainly due to lower debt and lower interest rates.
- Exceptional item includes Raising the bar initiative, impairment of inter-company loans and HipBar investment.
- Profit after tax was Rs. 310 Crores and PAT margin was 3.9%.

Anand Kripalu, CEO, commenting on the quarter and for year ended 31 March 2021 said:

"Top line growth momentum returned, and our in-quarter performance was strong on both top-line and EBITDA aided by the weak comparatives. While overall net sales grew 11.6%, strong Scotch performance contributed to the double-digit growth of 25.8% in Prestige & Above segment. Taxation led price hikes continued to adversely impact demand in the price conscious Popular segment. Net revenue management, stable commodity prices, efficiencies from our productivity programme enabled us to deliver healthy EBITDA margin of 18.5% in fourth quarter.

Despite a challenging start to FY21 in Q-1, our business withstood the disruption and showed progressive improvement thereafter with every passing quarter. We demonstrated agility and resilience in our performance across the value chain. Our two core brands were renovated and rolled out nationally during the year. While our underlying net sales this fiscal declined 10.8% and EBITDA margin contracted to 12.5% with a PAT of Rs. 310 Crores, we enter the new financial year with sequential momentum.

We continue to deliver consistently solid cash flow with net cash from operating activities at Rs. 1,728 Crores. Debt at the end of this fiscal stood reduced to Rs. 556 Crores, a reduction of Rs. 1517 Crores from last fiscal end.

Our recently announced strategic review of selected Popular brands is progressing well and on track.

Over the past year, India has been in the midst of a severe Covid crisis. Through these challenging times we have acted quickly to protect our people and our business, while supporting our customers, partners, and communities. With the onset of the deadly second wave, there is ongoing uncertainty in the environment. We would not be immune from this volatility. We, however, remain focused on building the long-term health of our brands, supported by data-led insights and a culture of everyday efficiency. The medium and long-term growth drivers and opportunities for our business remain intact. We will continue to drive profitable growth and focus on strengthening the core brands. With the consumer at the heart of business and with greater agility and discipline, I am confident of our strategy, the resilience of our business and our ability to emerge stronger."

KEY FINANCIAL INFORMATION
Key quarterly performance indicators

		F21 Q1	F21 Q2	F21 Q3	F21 Q4
Net sales	<i>Rs. Crores</i>	1,030	2,146	2,489	2,224
Reported Turnover growth	%	(53.6)	(6.6)	(3.6)	11.6
Gross profit	<i>Rs. Crores</i>	429	904	1,110	978
Gross profit margin	%	41.7	42.1	44.6	43.9
EBITDA	<i>Rs. Crores</i>	(78)	270	384	412
EBITDA margin	%	(7.5)	12.6	15.4	18.5
PAT	<i>Rs. Crores</i>	(215)	128	230	167
PAT	%	(21)	6.0	9.2	7.5

For the year ended 31 March 2021
Summary financial information

		F21 FY	F20 FY	Movement %
Volume	<i>EUm</i>	71	80	(11)
Net sales	<i>Rs. Crores</i>	7,889	9,091 ¹	(13)
COGS	<i>Rs. Crores</i>	(4468)	(5022)	(11)
Gross profit	<i>Rs. Crores</i>	3,421	4,069 ²	(16)
Staff cost	<i>Rs. Crores</i>	(540)	(514) ³	5
Marketing spend	<i>Rs. Crores</i>	(572)	(715)	(20)
Other Overheads	<i>Rs. Crores</i>	(1321)	(1333)	(1)
EBITDA	<i>Rs. Crores</i>	988	1,506	(34)
Other Income	<i>Rs. Crores</i>	48	46	5
Depreciation	<i>Rs. Crores</i>	(249)	(228) ⁴	10
EBIT	<i>Rs. Crores</i>	786	1,324	(41)
Interest	<i>Rs. Crores</i>	(166)	(191)	(13)
PBT before exceptional items	<i>Rs. Crores</i>	620	1,133	(45)
Exceptional items	<i>Rs. Crores</i>	(151)	1	N.A.
PBT	<i>Rs. Crores</i>	469	1,135	(59)
Tax	<i>Rs. Crores</i>	(159)	(430)	(63)
PAT	<i>Rs. Crores</i>	310	705	(56)

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

		F21 FY	F20 FY	Movement bps
Gross profit	%	43.4	44.8	(140)
Staff cost	%	(6.9)	(5.7)	(119)
Marketing spends	%	(7.2)	(7.9)	62
Other Overheads	%	(16.7)	(14.7)	(208)
EBITDA	%	12.5	16.6 ⁵	(405)
PAT	%	3.9	7.8	(382)
Basic earnings per share	<i>rupees</i>	4.3	9.7	-5.4rupees
Earnings per share before exceptional items	<i>rupees</i>	8.5	15.6	-7.1rupees

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

¹ Includes a one-time bulk Scotch sale of Rs. 248 Crores.

² Includes a one-time Gross Profit from bulk Scotch sale of Rs. 103 Crores

³ Staff cost include a one-off restructuring cost of Rs 2 cr.

⁴ Includes a one time depreciation charge of Rs. 2 Crores

⁵ Underlying EBITDA margin, net of one-off bulk Scotch sale was 15.9%

Net sales (Rs. Crores)

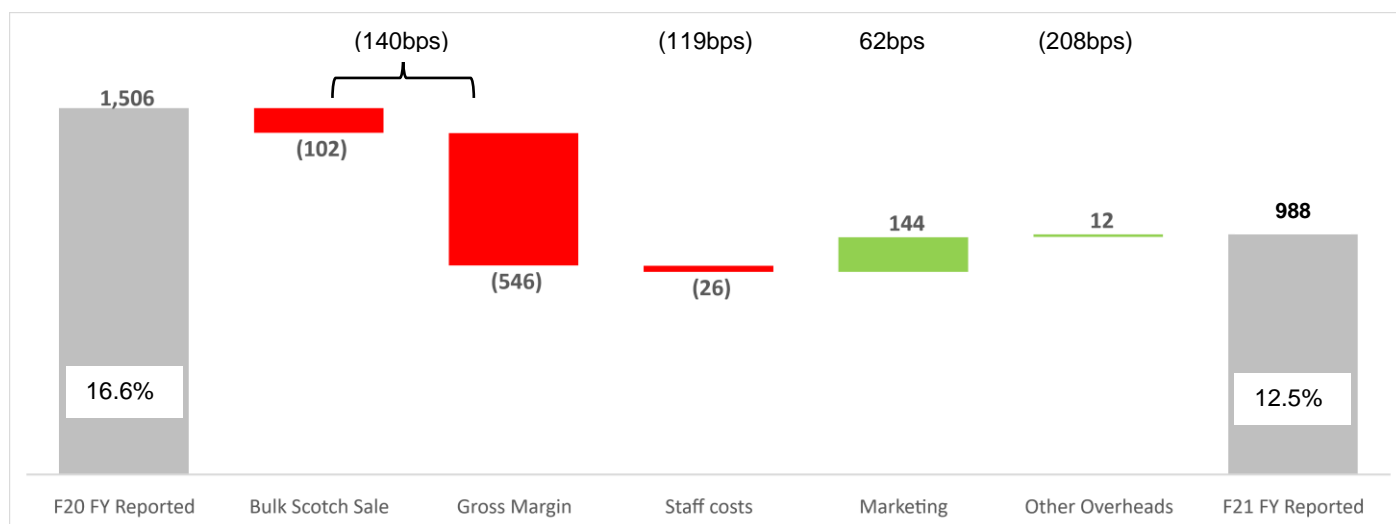


* Others include primarily non IMFL sale

Reported net sales declined 13.2% in the full year. There was business disruption due to initial lockdown, continued restrictions on on-premise establishments and consumer behavioural shifts impacting the balance between the on- and off- premise occasion in most markets. Excluding the one-off benefit from sale of bulk Scotch inventory in the prior year, underlying net sales declined 10.8%. Net Sales of Prestige & Above segment declined 7.2% while net sales of Popular segment declined 17.7%.

Overall volume declined 11.3% with shrinkage of 9% in Prestige & Above marginally outpacing Popular segment volume shrinkage of 13.8%. Underlying price/mix for the year was 0.5%, mainly due to good momentum in Scotch performance offset by reduced franchise royalty and adverse State mix.

EBITDA (Rs. Crores, %, bps)

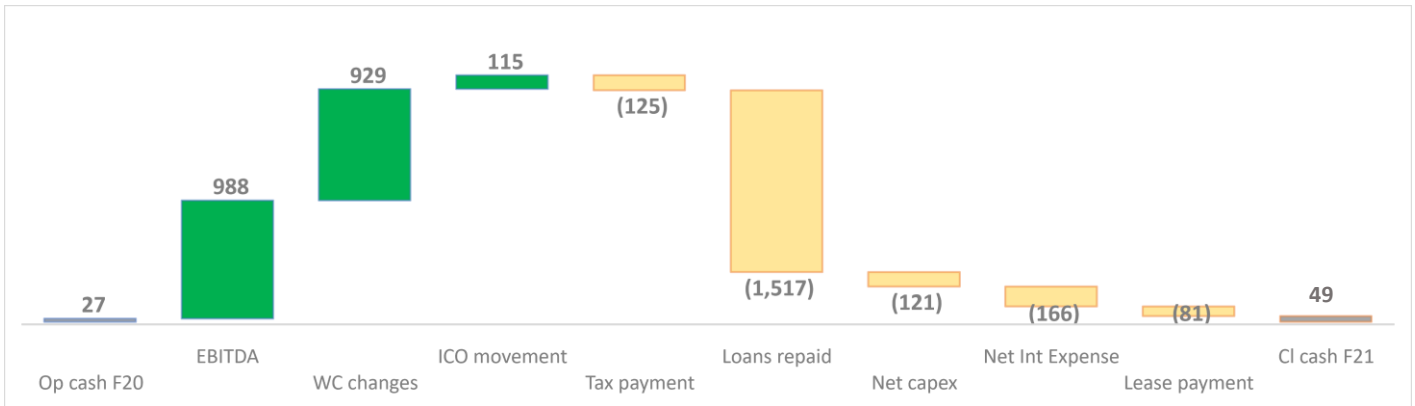


Reported EBITDA was Rs. 988 Crores for the year, down 34.4%. Excluding the one-off bulk Scotch sale and one-off restructuring costs in F20, underlying EBITDA declined 29.7%. EBITDA margin for the year was 12.5% and underlying EBITDA margin last year net of one time bulk Scotch sale and adjusted for one-off restructuring costs was 15.9%.

Gross profit decline of Rs. 648 Crores, was primarily driven by Q1 volume decline, contraction of Andhra Pradesh business due to route to market change, related inventory provision and decline in the South franchise business.

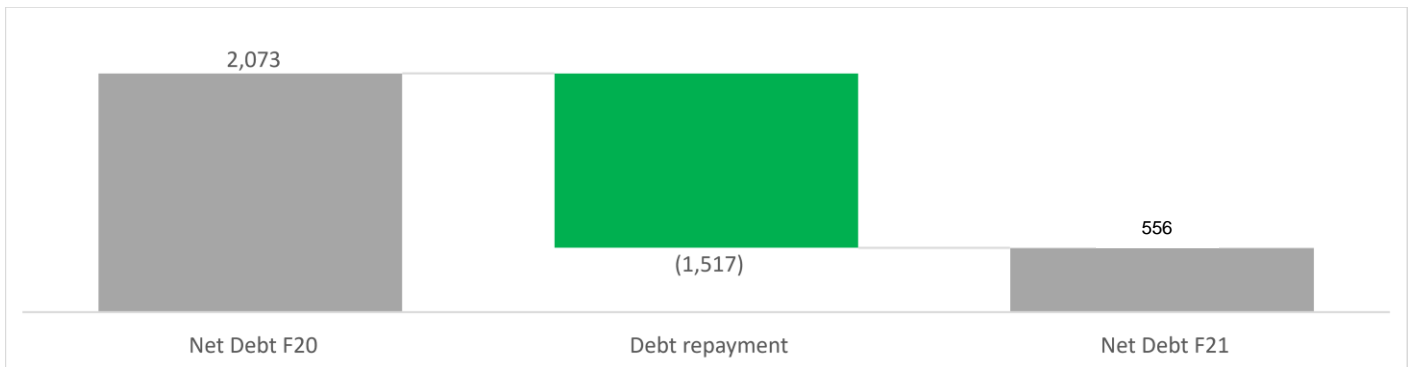
Reported staff cost increased 5.1% while overheads marginally improved by 0.9%. Advertising & Sales Promotion spend for the year was 7.2% of sales as the Company remained invested behind renovation roll-out of its two core brands, McDowell's No.1 Whisky and Royal Challenge Whisky and on-premise channel activation stayed impacted due to weak on-trade environment. Lower fixed cost absorption of administrative cost and overheads also impacted margin.

Movement in cash (Rs. Crores)



Cash closed at Rs. 49 Crores. The largest contributor to cashflows was profit from operations. There was a decrease in working capital primarily driven by better management of advance excise duty, organic growth in creditors since overlapping on softer comparitives and increase in accruals. Capex during the year was Rs. 121 Crores, and it was focused on enhancing IT infrastructure and on asset care projects. Cash was predominantly utilised towards debt repayment of Rs 1,517 Crores.

Movement in debt (Rs. Crores)



Closing net debt was Rs. 556 Crores, a reduction of 73% versus last year. Debt Reduction of Rs. 1,517 Cr. is primarily due to free cash flow generated from business and improvement in working capital.

Interest cost savings of Rs. 25 Cr. is primarily due to debt reduction together with lower interest rate.

SEGMENT AND BRAND REVIEW

For the quarter and financial year ended 31 March 2021

Key segments:
For the Year ended 31 March 2021

	Volume				Net Sales			
	F21 FY	F20 FY	Reported	Underlying	F21 FY	F20 FY	Reported	Underlying
	Reported	Reported	movement	movement	Reported	Reported	movement	movement
	<i>EUm</i>	<i>EUm</i>	%	%	<i>Rs. Cr.</i>	<i>Rs. Cr.</i>	%	%
P&A	37.2	40.9	(9.0)	(9.0)	5504	5931	(7.2)	(7.2)
Popular	33.5	38.8	(13.8)	(13.8)	2272	2760	(17.7)	(17.7)
Other					113	400 ¹	(71.6)	(25.1)
TOTAL	70.7	79.7	(11.3)	(11.3)	7889	9091 ¹	(13.2)	(10.8)

¹ Includes bulk Scotch sale of Rs. 248 cr.

For the quarter ended 31 March 2021

	Volume				Net Sales			
	F21 Q4	F20 Q4	Reported	Underlying	F21 Q4	F20 Q4	Reported	Underlying
	Reported	Reported	movement	movement	Reported	Reported	movement	movement
	<i>EUm</i>	<i>EUm</i>	%	%	<i>Rs. Cr.</i>	<i>Rs. Cr.</i>	%	%
P&A	10.0	8.4	19.4	19.4	1532	1218	25.8	25.8
Popular	9.7	9.9	(1.5)	(1.5)	657	678	(3.1)	(3.1)
Other					36	98	(63.3)	73.4
TOTAL	19.7	18.3	8.1	8.1	2224	1994	11.6	16.1

- The **Prestige & Above segment** accounted for 69.8% of net sales during the year, up 4.5ppts. The underlying movement net of previous period bulk scotch sale was 2.7ppts. Prestige & Above segment net sales declined 7.2% during the year, led by a laggard first quarter, which was impacted by nationwide lockdown, continued closure of on-premise outlets throughout the majority of period in 2QFY21 and gradual recovery of on-premise consumption since 3QFY21 as easing of restrictions lifted sentiments.
- The **Popular segment** accounted for 28.8% of net sales during the year, down 1.6ppt. Adjusting the one-time sale of bulk Scotch affecting the relative salience of the segments; Popular segment was down 2.4ppts.

The Popular segment net sales declined 17.7% primarily due to lower franchise income, fall in consumption owing to high consumer prices and change in mix. Net sales of Popular segment in Priority states declined 15.9% during the year.

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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FY21 Results Presentation Webcast

The Company will host its F21 FY results presentation & annual investor meeting by way of a **webcast** on **Monday, 24th May 2021 at 11:00 am (IST time)**. The event will begin at 11:00 am IST with a presentation by Mr. Anand Kripalu, Managing Director and Chief Executive Officer and Mr. Pradeep Jain , Chief Financial Officer. The presentation will be followed by a live Q&A session and the event will finish no later than 12:30 pm IST

You could use the link below to view the presentation and listen to the webcast **or alternatively** use the dial-in details for a listen-only option. **You can submit your questions via chat option on the webcast or ask them over the phone.** Please refrain from joining simultaneously over both the mediums to avoid any quality issues.

Conference Joining Information

Option 1

Connect to the webcast to view the presentation and listen to the audio without having to wait for an operator. It's easy, It's convenient, It's effective. Please do so 15 minutes prior to the conference schedule to ensure that you are connected in time.

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Or Copy this URL in your browser for Participant Access Link to View Live Webcast

<https://links.ccwebcast.com/?EventId=USL210524>

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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