

DIAGEO

INDIA

United Spirits Limited

Registered Office:

'UB Tower'

#24, Vittal Mallya

Road,

Bengaluru – 560 001

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www.diageoindia.com

23rd July 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 unaudited financial results for the quarter ended 30th June 2021 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR)).

The Board of Directors of the Company at their meeting held today, approved *inter-alia* the unaudited standalone and consolidated financial results of the Company for the quarter ended 30th June 2021 ("UFR"). The Limited Review Report ("LRR") thereon, received from the Statutory Auditors of the Company on the standalone and consolidated financial results were placed at the said Meeting. UFR along with the LRR and a Press Release in respect of this UFR are enclosed and are being uploaded on to your websites along with this letter.

The Board meeting commenced at 4:30 p.m. IST and concluded at 5:20 p.m. IST.

Thank you,

For United Spirits Limited

MITAL ARVIND SANGHVI
Digitally signed by
MITAL ARVIND SANGHVI
Date: 2021.07.23
17:26:50 +05'30'

Mital Sanghvi
Company Secretary

Encl: as Above



UNITED SPIRITS LIMITED

A DIAGEO Group Company

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

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

Unaudited Standalone Statement of Financial Results for the quarter ended June 30, 2021

(INR in Millions except for earnings per share data)

Particulars	3 months ended June 30, 2021	3 months ended March 31, 2021	3 months ended June 30, 2020	Previous year ended March 31, 2021
	Unaudited	Refer note 9	Unaudited	Audited
1 Income				
(a) Revenue from operations	60,619	76,721	38,190	271,764
(b) Other income	106	61	95	478
Total income	60,725	76,782	38,285	272,242
2 Expenses:				
(a) Cost of materials consumed	11,476	9,732	6,243	39,886
(b) Purchase of stock-in-trade	546	1,186	508	3,494
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,076)	1,550	(740)	1,302
(d) Excise duty	44,468	54,477	27,888	192,872
(e) Employee benefits expense	1,874	1,241	1,203	5,404
(f) Finance costs	198	275	499	1,658
(g) Depreciation and amortisation expense	554	670	638	2,493
(h) Others:				
(i) Advertisement and sales promotion	838	1,017	518	5,716
(ii) Loss allowance on trade receivables and other financial assets (net)	50	(31)	656	484
(iii) Other expenses	2,766	3,431	2,690	12,729
Total expenses	59,694	73,548	40,103	266,038
3 Profit / (loss) before exceptional items and tax (1 - 2)	1,031	3,234	(1,818)	6,204
4 Exceptional items, net (Refer Note 6)	(364)	(764)	(750)	(1,514)
5 Profit / (loss) before tax (3 + 4)	667	2,470	(2,568)	4,690
6 Income tax expense / (credit)				
(a) Current tax	241	612	-	1,764
(b) Current tax relating to earlier years	(192)	(20)	-	(37)
(c) Deferred tax charge / (credit)	(73)	205	(415)	(140)
Total tax expense / (credit)	(24)	797	(415)	1,587
7 Profit / (loss) for the period (5 - 6)	691	1,673	(2,153)	3,103
8 Other Comprehensive Income				
A. Items that will be reclassified to profit or loss	-	-	-	-
B. Items that will not be reclassified to profit or loss				
(i) Remeasurements of post-employment benefit plans	-	76	-	76
(ii) Income tax credit / (charge) relating to above	-	(19)	-	(19)
Total other comprehensive income, net of income tax	-	57	-	57
9 Total Comprehensive Income (7 + 8)	691	1,730	(2,153)	3,160
10 Paid up Equity Share Capital (Face value of INR 2/- each)	1,453	1,453	1,453	1,453
11 Other Equity				39,815
12 Earnings/ (loss) per share of INR 2/- each:				
Basic and Diluted (in INR)	0.95	2.30	(2.96)	4.27

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Unaudited Consolidated Statement of Financial Results for the quarter ended June 30, 2021

(INR in Millions except for earnings per share data)

	3 months ended June 30, 2021	3 months ended March 31, 2021	3 months ended June 30, 2020	Previous year ended March 31, 2021
	Unaudited	Refer note 9	Unaudited	Audited
1 Income				
(a) Revenue from operations	61,685	76,781	38,207	274,185
(b) Other income	78	46	52	396
Total income	61,763	76,827	38,259	274,581
2 Expenses:				
(a) Cost of materials consumed	11,620	9,624	6,180	39,731
(b) Purchase of stock-in-trade	546	1,186	508	3,494
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,171)	1,602	(702)	1,331
(d) Excise duty	44,468	54,477	27,888	192,872
(e) Employee benefits expense	1,915	1,289	1,240	5,564
(f) Finance costs	254	334	555	1,876
(g) Depreciation, amortisation and impairment expense	743	770	739	2,991
(h) Others:				
(i) Advertisement and sales promotion	861	1,030	525	5,747
(ii) Loss allowance on trade receivables and other financial assets (net)	50	(5)	656	510
(iii) Other expenses	3,511	3,615	2,831	14,409
Total expenses	60,797	73,922	40,420	268,525
3 Profit / (loss) before share of net profit / (loss) in associates, exceptional items and tax (1-2)	966	2,905	(2,161)	6,056
4 Share of net profit / (loss) in associates	-	-	(4)	(13)
5 Profit / (loss) before exceptional items and tax (3+4)	966	2,905	(2,165)	6,043
6 Exceptional items, net (Refer Note 6)	(453)	(95)	(750)	(643)
7 Profit / (loss) before tax (5 + 6)	513	2,810	(2,915)	5,400
8 Income tax expense / (credit)				
(a) Current tax	241	612	-	1,764
(b) Current tax relating to earlier years	(192)	(14)	-	(31)
(c) Deferred tax charge / (credit)	(39)	179	(449)	46
Total tax expense / (credit)	10	777	(449)	1,779
9 Profit / (loss) for the period (7-8)	503	2,033	(2,466)	3,621
10 Other Comprehensive Income				
A. Items that will be reclassified to profit or loss				
(i) Exchange differences on translation of foreign operations	12	1	(2)	15
B. Items that will not be reclassified to profit or loss				
(i) Remeasurements of post-employment benefit plans	-	67	-	67
(ii) Income tax credit / (charge) relating to above	-	(19)	-	(19)
Total other comprehensive income, net of income tax	12	49	(2)	63
11 Total Comprehensive Income (9+10)	515	2,082	(2,468)	3,684
12 Paid up Equity Share Capital (Face value of INR 2/- each)	1,453	1,453	1,453	1,453
13 Other Equity and Non controlling interest				39,136
14(a) Profit/ (loss) attributable to:				
Owners	555	2,087	(2,415)	3,836
Non-controlling interest	(52)	(54)	(51)	(215)
	503	2,033	(2,466)	3,621
14(b) Other comprehensive income attributable to:				
Owners	12	51	(2)	65
Non-controlling interest	-	(2)	-	(2)
	12	49	(2)	63
14(c) Total comprehensive income attributable to: [14(a) + 14(b)]				
Owners	567	2,138	(2,417)	3,901
Non controlling Interest	(52)	(56)	(51)	(217)
	515	2,082	(2,468)	3,684
15 Earnings/ (loss) per share of INR 2/- each: [Refer Note below]				
Basic and Diluted (in INR)	0.78	2.94	(3.40)	5.41

Note:

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

United Spirits Limited

Notes to the Unaudited Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021

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

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

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

Indian subsidiaries:

- Pioneer Distilleries Limited ("PDL")
- Royal Challengers Sports Private Limited
- Sovereign Distilleries Limited
- Tern Distilleries Private Limited (up to January 27, 2021)

Overseas subsidiaries:

- Asian Opportunities and Investments Limited
- Liquidity, Inc. (up to December 18, 2020)
- McDowell & Co. (Scotland) Limited
- Montrose International S.A ("Montrose") (ceased to be a subsidiary w.e.f. April 16, 2021) [Refer Note 4(b)(ii)]
- UB Sports Management Overseas Limited (merged with Palmer Investment Group Limited w.e.f. July 15, 2020)
- Palmer Investment Group Limited
- Shaw Wallace Overseas Limited
- United Spirits (Great Britain) Limited
- United Spirits (Shanghai) Trading Company Limited
- United Spirits Singapore Pte Ltd
- United Spirits (UK) Limited
- USL Holdings Limited
- USL Holdings (UK) Limited

Trust controlled by the Company:

- USL Benefit Trust

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

- Hip Bar Private Limited

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 ended June 30, 2021 – Contd.

4. Historical Matters

(a) Additional Inquiry

As disclosed in each of the annual financial statements commencing from year ended March 31, 2017, upon completion of an inquiry into past improper transactions which was completed in April 2015 ('Initial Inquiry') and which identified references to certain additional parties and certain additional matters, the former MD & CEO, pursuant to the direction of the Board of Directors, had carried out an additional inquiry into past improper transactions ('Additional Inquiry') which was completed in July 2016. The Additional Inquiry prima facie identified transactions indicating actual and potential diversion of funds from the Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appear to be affiliated or associated with the Company's former non-executive chairman, Dr. Vijay Mallya, and other potentially improper transactions. All amounts identified in the Additional Inquiry have been provided for or expensed in the financial statements of the Company or its subsidiaries in prior periods. At this stage, it is not possible for the management to estimate the financial impact on the Company, if any, arising out of potential non-compliance with applicable laws in relation to such fund diversions. There have been no developments during the quarter ended June 30, 2021.

(b) Overseas Subsidiaries Rationalisation

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

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

The completion of the above liquidations and merger are subject to regulatory and other approvals (in India and overseas). During this Rationalisation Process, if any historical non-compliances are established, the Company will consult with its legal advisors, and address any such issues including, if necessary, considering filing appropriate compounding applications with the relevant authorities. At this stage, it is not possible for the management to estimate the financial impact on the Company, if any, arising out of potential non-compliances with applicable laws, if established.

- ii. On December 01, 2020, the Company received a no-objection letter from the Reserve Bank of India (RBI) for the liquidation of Montrose. Montrose has been liquidated effective April 16, 2021 and an intimation to that effect has been received from the regulatory authorities at Panama on May 5, 2021. Subsequent to the Liquidation an amount of INR 89 million has been repatriated to the Company, which has been accounted as income and presented as an exceptional item in the Statement of Standalone Financial Results for the quarter ended June 30, 2021. Also refer Note 6.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

- iii. Consequent to the above, the financial results of the following subsidiaries have been prepared and consolidated on a liquidation basis (i.e. “break up” basis) (i) USL Holdings Limited, (ii) USL Holdings (UK) Limited, (iii) United Spirits (UK) Limited, (iv) United Spirits (Great Britain) Limited, (v) McDowell & Co. (Scotland) Limited, (vi) Shaw Wallace Overseas Limited (vii) United Spirits (Shanghai) Trading Company Limited (viii) Asian Opportunities and Investments Limited and (ix) United Spirits Singapore Pte Ltd. Accordingly, assets and liabilities of such subsidiaries have been recognised as current at their fair values that approximate to their carrying values as at June 30, 2021. Such re-measurement did not have any material impact on the consolidated financial results.

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

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, the Company had pre-existing loans/ deposits/ advances/ accrued interest that were due to the Company and its subsidiaries from UBHL and its subsidiaries aggregating to INR 13,374 million and that were consolidated into, and recorded as, an unsecured loan through an agreement entered into between the Company and UBHL on July 3, 2013 ('Loan Agreement'). The Company has already made provision in prior financial years for the entire principal amount due, of INR 13,374 million, and for the accrued interest of INR 846 million up to March 31, 2014. The Company has not recognised interest income on said loan after March 31, 2014 which cumulatively amounts to INR 9,015 million up to June 30, 2021. The Company has offset payable to UBHL under the trademark agreement amounting to INR 73 million for the quarter ended June 30, 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 June 30, 2021 amounted to INR 2,061 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.

There have been no developments during the quarter ended June 30, 2021.

(d) Excess managerial remuneration

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

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

(e) Regulatory notices and communications

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

- i. as disclosed in each of the annual financial statements commencing from year ended March 31, 2016, from the Securities Exchange Board of India ('SEBI'), in relation to the Initial Inquiry, Additional Inquiry, and matters arising out of the Agreement dated February 25, 2016, entered into by the Company with Dr. Vijay Mallya to which the Company has responded. No further communications have been received thereafter;
- ii. as disclosed in each of the annual financial statements commencing from year ended March 31, 2016, from the Ministry of Corporate Affairs ('MCA') in relation to its inspection conducted under Section 206(5) of the Companies Act, 2013 during the year ended March 31, 2016 and subsequent show cause notices alleging violation of certain provisions of the Companies Act, 1956 and Companies Act, 2013, to which the Company had responded. The Company had also received a letter dated October 13, 2017 from the Registrar of Companies, Karnataka (the 'Registrar') inviting the Company's attention to the compounding provisions of the Companies Act, 1956 and Companies Act, 2013 following the aforesaid show cause notices. During the year ended March 31, 2018, the Company had filed applications for compounding of offences with the Registrar in relation to three show cause notices, applications for adjudication with the Registrar in relation to two show cause notices, and requested the Registrar to drop one show cause notice based on expert legal advice received. During the quarter ended September 30, 2020, the Company had received an order on the adjudication applications for aforesaid two show cause notices and complied with the said order. During the quarter ended March 31, 2021, the Company had received an order on compounding application for one of the aforesaid show cause notices and has complied with the said order. The penalty and compounding fees arising out of adjudication applications and compounding application are not material. The Company is awaiting a response from the Registrar on the remaining applications. The management is of the view that the financial impact arising out of compounding/ adjudication of these matters will not be material to the Company's results.
- iii. as disclosed in each of the annual financial statements commencing from year ended March 31, 2016, from the Directorate of Enforcement ('ED') in connection with Agreement dated February 25, 2016, entered into by the Company with Dr. Vijay Mallya and investigations under the Foreign Exchange Management Act, 1999 and Prevention of Money Laundering Act, 2002, to which the Company had responded. No further communications have been received thereafter;
- iv. as disclosed in each of the annual financial statements commencing from year ended March 31, 2017, from the Company's 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.

There have been no developments during the quarter ended June 30, 2021.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

(f) Dispute with IDBI Bank Limited

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, during the year ended March 31, 2014, the Company decided to prepay a term loan taken from IDBI Bank Limited (the “bank”) in earlier years which was secured by certain property, plant and equipment and brands of the Company as well as by a pledge of certain shares of the Company held by the USL Benefit Trust (of which the Company is the sole beneficiary). The Company deposited a sum of INR 6,280 million, including prepayment penalty of INR 40 million, with the bank and instructed the bank to debit the amount from its cash credit account towards settlement of the loan and release the assets and shares pledged by the Company. The bank, however, disputed the prepayment, following which the Company filed a writ petition (“WP”) in November 2013 before the Hon’ble High Court of Karnataka challenging the actions of the bank.

In February 2016, following the original maturity date of the loan, the Company received a notice from the bank seeking to recall the loan and demanding a sum of INR 459 million on account of outstanding principal, accrued interest and other amounts as also further interest till the date of settlement. This notice was challenged by the Company by way of a separate application filed in the pending writ proceedings. The Hon’ble High Court of Karnataka, by an order passed in the said application, directed that, subject to the Company depositing INR 459 million with the bank in a suspense account, the bank should not deal with any of the secured assets including the shares until disposal of the writ petition. The Company deposited the full amount, and the bank was restrained from dealing with any of the secured assets.

In June 2019, a single judge bench of the Hon’ble High Court of Karnataka issued an order dismissing the writ petition filed by the Company, amongst other reasons, on the basis that the matter involved an issue of breach of contract by the Company and was therefore not maintainable in exercise of the court’s writ jurisdiction. The Company disputed the Order and filed an appeal against this order before a division bench of the Hon’ble High Court of Karnataka. During the quarter ended September 30, 2019, the division bench of the Hon’ble High Court of Karnataka reinstated the interim order in the writ petition, thereby granting a stay on the disposal of the secured assets of the Company by the bank. On January 13, 2020, the division bench of the Hon’ble High Court of Karnataka admitted the writ appeal and extended the interim stay.

There have been no further developments in this respect during the quarter ended June 30, 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 quarter ended June 30, 2021.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 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 quarter ended June 30, 2021. Management will continue to monitor developments, if any, in this matter.

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

In April 2021, a customer notified the Company that it was stopping further payment until pending issues of recovery were resolved. The customer was seeking to review a settled issue regarding differential trade terms, which the Company had voluntarily disclosed to the customer, and in relation to which all recovery claims made by the customer had been fully settled. This was disclosed in detail in the annual financial statements for the years ended March 31, 2017 and March 31, 2018. In June 2021, the customer confirmed that the matter of original recovery was settled (which reaffirms the Company's view), made an additional claim amounting to INR 480 million and committed to resume payments. The Company has responded to the customer and discussions are ongoing with respect to this additional claim. Further to this latest communication, the Company has made a provision of INR 353 million (net), which has been presented as an exceptional item in the Standalone and Consolidated Results for the quarter ended June 30, 2021. The Company does not expect any further claim from the customer in relation to this matter. Also refer note 6.

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

The Board of Directors ("Board") of PDL and of the Company at their meetings held on December 2, 2019 considered and approved a scheme of amalgamation and arrangement (the "Scheme") in relation to the proposed merger of PDL with the Company under Sections 230 – 232 and other applicable provisions of the Companies Act, 2013 and the rules thereunder. Upon completion of the merger, the non-promoter shareholders of PDL will receive 10 equity shares of the Company (face value of INR 2 each) for every 47 equity shares of PDL (face value of INR 10 each), held by them as on the record date. Post the merger, the Company's issued capital is expected to expand by 712,138 shares and the revised shareholding of Relay BV (the holding company, a subsidiary of Diageo plc) in the Company will change from 55.94% to 55.88%. The Scheme is subject to the receipt of requisite approvals from the relevant statutory authorities 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.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

6. Exceptional items

Sl. No	Description	Amount in INR Million	
		Quarter ended June 30, 2021	
		Income / (Expense)	
		Standalone	Consolidated
1	Remittance upon liquidation of a subsidiary [Refer Note 4(b)(ii)]	89	-
2	Commitment towards support for improving healthcare infrastructure [Refer Note 7]	(100)	(100)
3	Provision for claim from a customer (net) [Refer Note 4(h)]	(353)	(353)
	Total	(364)	(453)

7. Impact of Covid-19

Once the lockdown due to Covid-19 pandemic was lifted in May 2020, Management had taken appropriate actions to scale up the Group's manufacturing to the levels prior to Covid-19 across all locations. Both off-trade and on-trade sales also gradually resumed across the country. Temporary disruptions have occurred from time to time during the pendency of curfew or lockdown restrictions, including as a result of the recent surge in the spread of Covid-19 in India during the quarter ended June 30, 2021.

With respect to the Company's subsidiary, Royal Challengers Sports Private Limited, Indian Premier League 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 on the Standalone and Consolidated Financial Results for the quarter ended June 30, 2021. The Company continues to maintain a positive outlook for the remainder of the financial year and will continue to monitor changes in future economic conditions.

With recent surge in the spread of the Covid-19 pandemic in India, the Company has committed to spend INR 100 million towards improving health infrastructure of Government hospitals and institutions. The amount of INR 100 million has been recorded and presented as an exceptional item in the Statements of Standalone and Consolidated Financial Results for the quarter ended June 30, 2021. Also refer Note 6.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

8. 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 on the Standalone and Consolidated Financial Results for the quarter ended June 30, 2021.
9. Figures for the quarters ended March 31, 2021 are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the third quarter of the previous financial year, as adjusted for certain regroupings/ reclassifications, where considered necessary.
10. The 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.
11. The Statement of Standalone and Consolidated Financial Results for the quarter ended June 30, 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 July 23, 2021.

By authority of the Board

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Place: Bengaluru
Date: July 23, 2021

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NAGARAJAN** Digitally signed by
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Date: 2021.07.23
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Hina Nagarajan
Managing Director and Chief Executive Officer

Price Waterhouse & Co Chartered Accountants LLP

Review Report

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

1. We have reviewed the unaudited consolidated financial results of United Spirits Limited (hereinafter referred to as the “Holding Company”), its subsidiaries and a trust controlled by it (together referred to as the “Group”), and its associate company (refer note 2 to the Unaudited Consolidated Financial Results) for the quarter ended June 30, 2021 which are included in the accompanying ‘Unaudited Consolidated Statement of Financial Results for the quarter ended June 30, 2021’ together with the notes thereon (hereinafter referred to as the “Consolidated Financial Results”). The Consolidated Financial Results is being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”).
2. This Consolidated Financial Results, which is the responsibility of the Holding Company’s Management and approved by the Holding Company’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Consolidated Financial Results based on our review.
3. We conducted our review of the Consolidated Financial Results in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Consolidated Financial Results is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, to the extent applicable.

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

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

To the Board of Directors of United Spirits Limited
Report on the Consolidated Financial Results
Page 2 of 4

5. The Consolidated Financial Results includes the 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 (Liquidated on April 16, 2021)
- Palmer Investment Group Limited
- Shaw Wallace Overseas Limited
- UB Sports Management Overseas Limited (merged with Palmer Investment Group Limited with effect from July 15, 2020)
- United Spirits (Great Britain) Limited
- United Spirits (Shanghai) Trading Company Limited
- United Spirits Singapore Pte Ltd
- United Spirits (UK) Limited
- USL Holdings Limited
- USL Holdings (UK) Limited

Trust controlled by the Holding Company:

- USL Benefit Trust

The Consolidated Financial Results also includes 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
6. Based on our review conducted and procedures performed as stated in paragraphs 3 and 4 above, nothing has come to our attention that causes us to believe that the accompanying Consolidated Financial Results has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Price Waterhouse & Co Chartered Accountants LLP

To the Board of Directors of United Spirits Limited
Report on the Consolidated Financial Results
Page 3 of 4

7. We draw your attention to the following matters:

- a) As explained in Note 4(a) to the Consolidated Financial Results, upon completion of the Initial Inquiry which identified references to certain Additional Parties and certain Additional Matters, the former MD & CEO of the Holding Company, pursuant to the direction of the Board of Directors of the Holding Company, had carried out an Additional Inquiry that revealed transactions indicating actual and potential diversion of funds from the Holding Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appear to be affiliated or associated with the Holding Company's erstwhile non-executive Chairman and other potentially improper transactions. The amounts identified in the Additional Inquiry have been fully provided for or expensed by the Holding Company and/or its subsidiaries in earlier periods. Management is currently unable to estimate the financial impact on the Holding Company, if any, arising from potential non-compliances with applicable laws in respect of the above.
- b) As explained in Note 4(b)(i) to the Consolidated Financial Results, the Group has commenced the rationalization process for divestment/ liquidation/ merger of certain overseas subsidiaries including step down subsidiaries. The completion of the above process is subject to regulatory and other approvals (in India and overseas). At this stage, it is not possible for the management to estimate the financial impact on the Holding Company, if any, arising out of potential historical non-compliances with applicable laws, if established.
- c) As explained in Note 4(b)(iii) to the Consolidated Financial Results, consequent to the rationalisation process initiated by the Group in respect of 9 overseas subsidiaries including step down subsidiaries, the financial results of such subsidiaries included in the Consolidated Financial Results have been prepared on a liquidation basis. Accordingly, the assets and liabilities of such subsidiaries have been recognized as current at their fair values that approximate their carrying values as at June 30, 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.

Price Waterhouse & Co Chartered Accountants LLP

To the Board of Directors of United Spirits Limited
Report on the Consolidated Financial Results
Page 4 of 4

- 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.
8. The Consolidated Financial Results includes the financial results of 11 subsidiaries and a trust controlled by the Group which have not been reviewed by their auditors and whose financial results reflect total revenue of Nil, total net loss after tax of INR 6 million and total comprehensive loss of INR 6 million for the quarter ended June 30, 2021. The Consolidated Financial Results also includes the Group’s share of net profit after tax of Nil and total comprehensive income of Nil for the quarter ended June 30, 2021, as considered in the Consolidated Financial Results, in respect of an associate company, based on its financial information which has not been reviewed by its auditors. According to the information and explanations given to us by the Management, the financial information of the aforesaid subsidiaries, trust and the associate company are not material to the Group.

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

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

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Dibyendu Majumder
Partner

Membership Number: 057687
UDIN: 21057687AAAABF1994

Place: Bengaluru
Date: July 23, 2021

Price Waterhouse & Co Chartered Accountants LLP

Review Report

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

1. We have reviewed the unaudited financial results of United Spirits Limited (the “Company”) for the quarter ended June 30, 2021 which are included in the accompanying ‘Unaudited Standalone Statement of Financial Results for the quarter ended June 30, 2021’ together with the notes thereon (hereinafter referred to as the “Standalone Financial Results”). The Standalone Financial Results has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”).
2. This Standalone Financial Results, which is the responsibility of the Company’s Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Standalone Financial Results based on our review.
3. We conducted our review of the Standalone Financial Results in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Standalone Financial Results is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Standalone Financial Results has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

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Price Waterhouse & Co Chartered Accountants LLP

To the Board of Directors of United Spirits Limited
Report on the Standalone Financial Results
Page 2 of 3

5. We draw your attention to the following matters:
 - a. As explained in Note 4(a) to the Standalone Financial Results, upon completion of the Initial Inquiry, which identified references to certain Additional Parties and certain Additional Matters, the former MD & CEO, pursuant to the direction of the Board of Directors, had carried out an Additional Inquiry that revealed transactions indicating actual and potential diversion of funds from the Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appear to be affiliated or associated with the Company's erstwhile non-executive Chairman and other potentially improper transactions. The amounts identified in the Additional Inquiry have been fully provided for or expensed by the Company and/or its subsidiaries in earlier periods. Management is currently unable to estimate the financial impact on the Company, if any, arising from potential non-compliances with applicable laws in respect of the above.
 - b. As explained in Note 4(b)(i) to the Standalone Financial Results, the Company has commenced the rationalisation process for divestment/ liquidation/ merger of certain overseas subsidiaries including step down subsidiaries. The completion of the above process is subject to regulatory and other approvals (in India and overseas). At this stage, it is not possible for the management to estimate the financial impact on the Company, if any, arising out of potential historical non-compliances with applicable laws, if established.
 - c. As explained in Note 4(d) to the Standalone Financial Results, the Managerial remuneration for the year ended March 31, 2015 included an amount paid in excess of the limit prescribed under the provisions of Schedule V to the Act by INR 134 million to the former Executive Director and Chief Financial Officer (ED & CFO). The Company has initiated steps, including by way of filing a suit for recovery before the jurisdictional court, to recover such excess remuneration from the former ED & CFO.
 - d. Note 4(e) to the Standalone Financial Results, which describes the various regulatory notices and communications received from Securities Exchange Board of India ('SEBI'), Ministry of Corporate Affairs ('MCA')/ Registrar of Companies, Karnataka (the 'Registrar'), Directorate of Enforcement ('ED') to which the Company has responded to and communication received from the Company's authorised dealer banks ('AD') to which the Company has responded to/ is in the process of responding.

Price Waterhouse & Co Chartered Accountants LLP

To the Board of Directors of United Spirits Limited

Report on the Standalone Financial Results

Page 3 of 3

- e. Note 4(f) to the Standalone Financial Results, which describes the uncertainty relating to the final outcome of litigations with a bank (“the bank”) that continues to retain the pledge of certain assets of the Company and of the Company's shares held by USL Benefit Trust (of which the Company is the sole beneficiary) despite the Company prepaying the term loan to that bank along with the prepayment penalty and further depositing an additional sum of INR 459 million demanded by the bank and as directed by the Hon'ble High Court of Karnataka (the “Court”). Based on management assessment supported by external legal opinions, the Company has disclosed the aforesaid amount of INR 459 million under Other Non-current financial assets as recoverable from the bank pending the final outcome of the litigation. In a separate proceeding before the Debt Recovery Appellate Tribunal, the bank's appeal against the judgement awarded by Debt Recovery Tribunal in favour of the Company in respect of attachment of the aforesaid pledged shares for recovery of the loans advanced by the bank to Kingfisher Airlines Limited is pending disposal.
- f. As explained in Note 4(g) to the Standalone Financial Results, the Company, during the year ended March 31, 2019, came across information suggesting continuing past practices resulting in differences in reporting to the relevant Regulatory Authorities of yields of certain non-potable intermediates and associated process losses in the liquor manufacturing process. Related actions taken and monitoring of future development by the Company in this respect have been described in the said note.

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

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

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Dibyendu Majumder

Partner

Membership Number: 057687

UDIN: 21057687AAAABE3040

Place: Bengaluru

Date: July 23, 2021

UNITED SPIRITS LIMITED

PRESS RELEASE

Unaudited financial results for the quarter ended 30 June 2021
(Standalone only)



57% sales growth with three-fold increase in EBITDA, resilient performance in a challenging quarter

First quarter performance highlights:

- Reported net sales increased 57% lapping weak prior year comparators. The second Covid-19 wave induced localised lockdowns impacted the sequential recovery momentum seen over the prior quarters. Off-trade remained resilient despite restrictions.
- Prestige & Above segment net sales grew 58%.
- Popular segment net sales grew 60% within which the priority states grew 50%.
- Gross margin was 44.6%, up 296bps, driven by stable input costs for the quarter and continued management focus on productivity and cost efficiencies.
- Reported EBITDA was Rs. 168 Crores, up 316% over prior year. EBITDA margin @ 10.4% for the quarter was subdued on account of operating de-leverage.
- Interest cost was Rs. 20 Crores, down 60% driven by debt reduction and lower interest rates.
- Exceptional item includes a one-off provision towards an additional demand in relation to a historical customer dispute.
- Tax includes a one-off reversal of 19.2 Crores
- Profit after tax was Rs. 69 Crores, up 132% and PAT margin was 4.3%.

Ms Hina Nagarajan, CEO, commenting on the quarter ended 30 June 2021 said:

"In the midst of the severe Covid second wave that swept the country during the quarter, our top-most priority was the safety of our employees and associates while supporting the eco-system of customers, partners and communities. The Company and its parent company, Diageo plc, committed Rs. 10 crores and Rs. 35 crores respectively (cumulatively Rs. 45 crores) in this quarter to support India's long term public healthcare infrastructure. The Company provided oxygen concentrators and other medical supplies and is in the process of creating mini hospitals in critical districts.

We have delivered a resilient performance on the back of our operational agility and the intrinsic strength of our portfolio as we managed through the challenges of localized and asynchronized state lockdowns. The Company was back to full operations as we exited the quarter.

Looking forward, with the drop in COVID positivity rates and steady increase in the vaccination coverage, we expect the recovery momentum to accelerate. We remain focused on stimulating demand through our renovation, innovation, and other category growth initiatives. The embedded discipline during the first two waves of the pandemic has enabled the Company to prepare for short-term disruptions and "Emerge Stronger" from the crisis."

KEY FINANCIAL INFORMATION

Key quarterly performance indicators

		F22 Q1	F21 Q1
Net sales	<i>Rs. Crores</i>	1,615	1,030
Reported Turnover growth	%	56.8	(53.6)
Gross profit	<i>Rs. Crores</i>	720	429
Gross profit margin	%	44.6	41.7
EBITDA	<i>Rs. Crores</i>	168	(78)
EBITDA margin	%	10.4	(7.5)
PAT	<i>Rs. Crores</i>	69	(215)
PAT	%	4.3	(21)

For the quarter ended 30 June 2021

Summary financial information

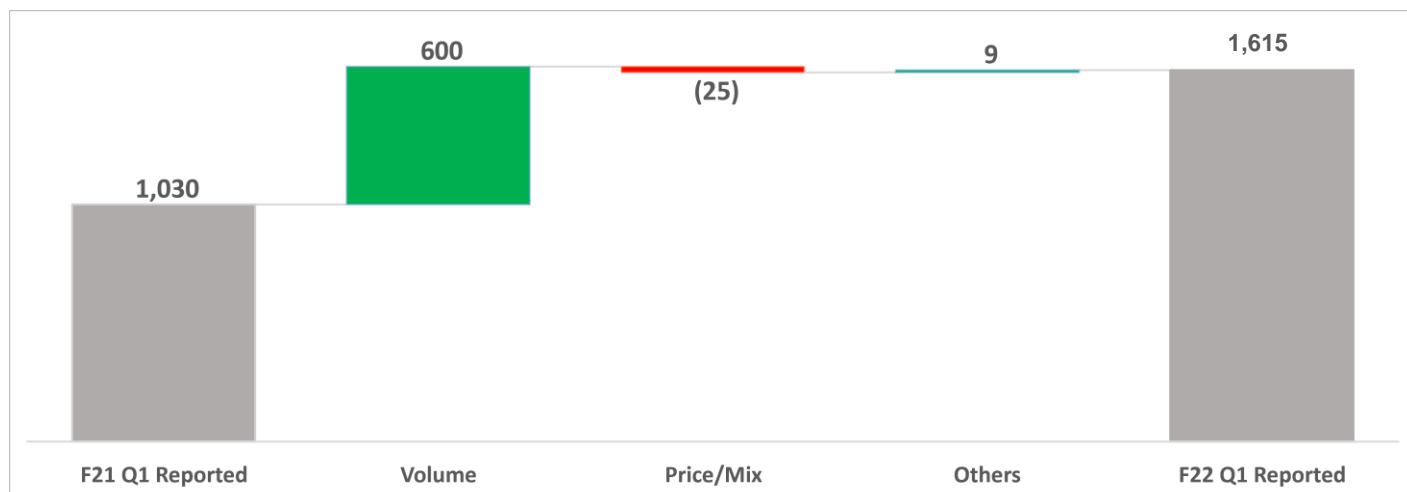
		F22 Q1	F21 Q1	Movement %
Volume	<i>EUm</i>	16	10	61
Net sales	<i>Rs. Crores</i>	1,615	1,030	57
COGS	<i>Rs. Crores</i>	(895)	(601)	49
Gross profit	<i>Rs. Crores</i>	720	429	68
Staff cost	<i>Rs. Crores</i>	(187)	(120)	56
Marketing spend	<i>Rs. Crores</i>	(84)	(52)	62
Other Overheads	<i>Rs. Crores</i>	(282)	(335)	(16)
EBITDA	<i>Rs. Crores</i>	168	(78)	316
Other Income	<i>Rs. Crores</i>	11	10	12
Depreciation	<i>Rs. Crores</i>	(55)	(64)	(13)
EBIT	<i>Rs. Crores</i>	123	(132)	193
Interest	<i>Rs. Crores</i>	(20)	(50)	(60)
PBT before exceptional items	<i>Rs. Crores</i>	103	(182)	157
Exceptional items	<i>Rs. Crores</i>	(36)	(75)	(52)
PBT	<i>Rs. Crores</i>	67	(257)	126
Tax	<i>Rs. Crores</i>	2	42	(94)
PAT	<i>Rs. Crores</i>	69	(215)	132

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

		F22 Q1	F21 Q1	Movement bps
Gross profit	%	44.6	41.7	296
Staff cost	%	(11.6)	(11.7)	7
Marketing spend	%	(5.2)	(5.0)	(16)
Other Overheads	%	(17.4)	(32.5)	1504
EBITDA	%	10.4	(7.5)	1791
PAT	%	4.3	(20.9)	2518
Basic earnings per share	<i>rupees</i>	1.0	(3.0)	3.9rupees
Earnings per share before exceptional items	<i>rupees</i>	1.4	(2.5)	3.9rupees

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

Net sales (Rs. Crores)

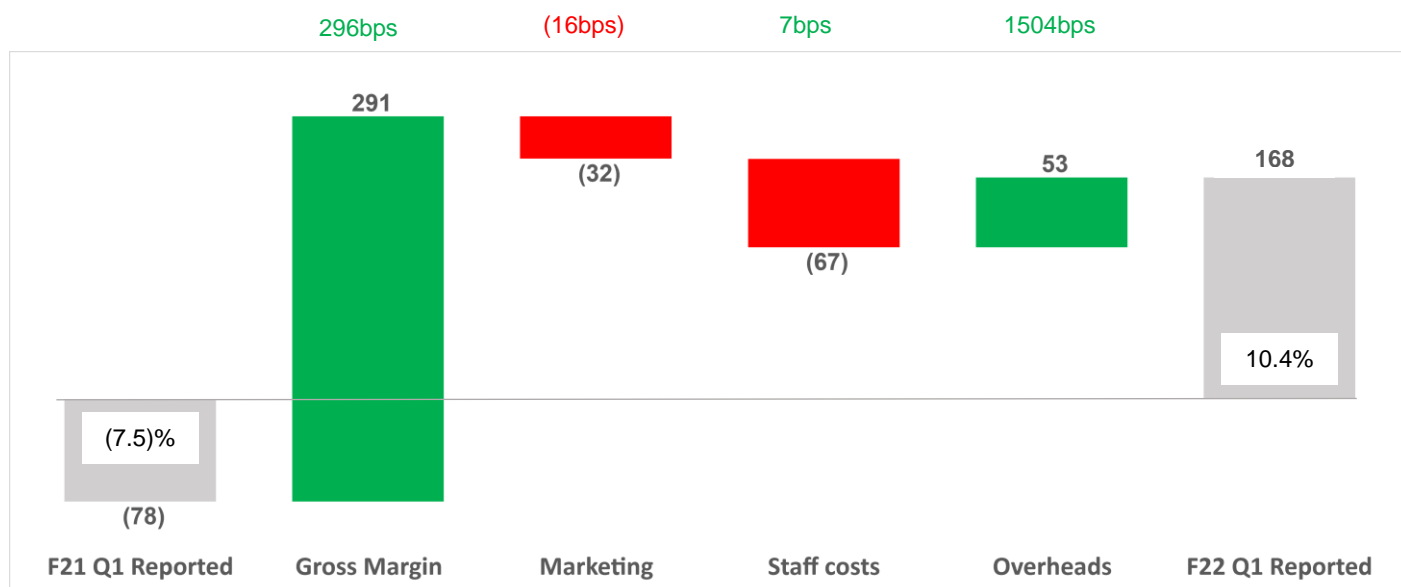


* Others include primarily non IMFL sale

Reported net sales increased 57% in the first quarter. We witnessed a healthy momentum in demand for the first three weeks of April until the second COVID surge in India hit alarming levels and led to resumption of lockdown in various states. The restrictions on on-premise establishments and consumer behavioural shifts impacted the balance between the on- and off-premise occasion in most markets. Net Sales of Prestige & Above segment increased 58% while net sales of Popular segment increased 60%.

Overall volume increased 61% with expansion of 62% in Popular segment, marginally outpacing Prestige & Above segment volume expansion of 60%. Underlying price/mix for the quarter was adverse 4.19%, mainly due to impacted momentum in Scotch performance and adverse Brand / State mix.

EBITDA (Rs. Crores, %, bps)



Reported EBITDA was Rs. 168 Crores for the quarter, up 316%. EBITDA margin for the year was 10.4% an improvement by 1791 bps.

Gross profit increase of Rs. 291 Crores was predominantly volume led, aided by benign commodity environment, productivity initiatives and a deflated base of 1QFY21 due to the covid-19 slump. Reported staff cost was at 11.6% of sales, down 7bps while other overheads were at 17.4% down 1504 bps due to cost consciousness drive and relatively better operating leverage. Controlled and effective marketing investments were limited to activities which could give tangible results amidst state wide lockdowns. On-premise channel activation stood impacted due to weak and regulated on-trade environment.

SEGMENT AND BRAND REVIEW

For the quarter ended 30 June 2021

Key segments:
For the quarter ended 30 June 2021

	Volume				Net Sales			
	F22 Q1 Reported	F21 Q1 Reported	Reported movement	Underlying movement	F22 Q1 Reported	F21 Q1 Reported	Reported movement	Underlying movement
	<i>EUm</i>	<i>EUm</i>	%	%	<i>Rs. Cr.</i>	<i>Rs. Cr.</i>	%	%
P&A	8.0	5.0	60	60	1077	680	58	58
Popular	7.8	4.8	62	62	503	314	60	60
Other					35	37	(5)	(5)
TOTAL	15.7	9.8	61	61	1615	1030	57	57

- The **Prestige & Above segment** accounted for 66.7% of net sales during the quarter, up 0.71 ppts. Prestige & Above segment net sales increased 58% during the quarter, led by a low comparative. Our people and business have shown incredible resilience and agility in this challenging operating environment created by second wave despite timing restrictions on trade including shut down of on-trade outlets for the majority of period in this quarter.
- The **Popular segment** accounted for 31.2% of net sales during the quarter, up 0.70ppts. The Popular segment net sales increased 60% primarily due to weaker comparatives. Net sales of Popular segment in Priority states increased 50% during the quarter.

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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richa.periwal@diageo.com

Media enquiries to: Pratyusha Sarkar +91 91 6727 9880

pratyusha.sarkar@diageo.com

Q&A CONFERENCE CALL

Hina Nagarajan, Managing Director and Chief Executive Officer and Pradeep Jain, Chief Financial Officer will be hosting a Q&A conference call on **Monday, 26 July 2021 at 12:00 pm** (IST time). If you would like to listen to the call or ask a question, please use the dial in detail below.

A transcript of the conference call will be available for download on 29th July 2021 at www.diageoindia.com.

Option 1

Express Join with DiamondPass™ No Wait Time

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=4055551&linkSecurityString=e9b131b94>

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.

Universal Dialin +91 22 6280 1250
+91 22 7115 8151

International Toll Free

Argentina	0080014243444
Australia	1800053698
Belgium	0080014243444
Canada	01180014243444
China	4008428405
France	0800914745
Germany	0080014243444
Hong Kong	800964448
Italy	0080014243444
Japan	00531161110
Netherlands	08000229808
Poland	008001124248
Singapore	8001012045
South Korea	00180014243444
Sweden	0080014243444
Thailand	00180014243444
UK	08081011573
USA	18667462133

International Toll

Hong Kong	+852 30186877
Japan	+81 345899421
Singapore	+65 31575746
South Africa	+27 110623033
UK	+44 2034785524
USA	+1 3233868721