January 27, 2020

BSE Limited,
(Regular Office & Corporate Relations Dept.)
Dalal Street, Mumbai 400 001
Scrip Code: 532432

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

Dear Sir/Madam,

Sub: Intimation of un-audited standalone and consolidated financial results for the Quarter and Nine months ended December 31, 2019.

The Board of Directors of the Company at the meeting held today, considered and approved the un-audited standalone and consolidated financial results of the Company for the Quarter and Nine months ended December 31, 2019 ("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 referred above and a Press Release in respect of this UFR are being uploaded on to your websites along with this letter.

Thanking you,

Yours faithfully,

for United Spirits Limited

V Ramachandran
Company Secretary

Enclosed: As Above
United Spirits Limited

A Diageo Group Company

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

Tel +91 80 2685 6508, 2221 0785

CIN: L01551KA1999PLC024991

www.diageoindia.com

Unaudited Standalone Statement of Financial Results for the quarter and nine months ended December 31, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>3 months ended December 31, 2019</th>
<th>3 months ended September 30, 2019</th>
<th>3 months ended December 31, 2018</th>
<th>9 months ended December 31, 2019</th>
<th>9 months ended December 31, 2018</th>
<th>Previous year ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Revenue from operations</td>
<td>78,072</td>
<td>72,819</td>
<td>77,596</td>
<td>221,669</td>
<td>212,967</td>
<td>285,123</td>
</tr>
<tr>
<td>(b) Other income</td>
<td>176</td>
<td>137</td>
<td>533</td>
<td>414</td>
<td>833</td>
<td>952</td>
</tr>
<tr>
<td>Total Income</td>
<td>78,248</td>
<td>73,956</td>
<td>78,129</td>
<td>222,083</td>
<td>213,800</td>
<td>286,075</td>
</tr>
<tr>
<td>2 Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Cost of materials consumed</td>
<td>11,203</td>
<td>13,447</td>
<td>11,156</td>
<td>34,882</td>
<td>31,116</td>
<td>42,250</td>
</tr>
<tr>
<td>(b) Purchase of stock-in-trade</td>
<td>1,015</td>
<td>756</td>
<td>1,192</td>
<td>2,498</td>
<td>2,187</td>
<td>2,892</td>
</tr>
<tr>
<td>(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade</td>
<td>1,988</td>
<td>573</td>
<td>491</td>
<td>1,310</td>
<td>608</td>
<td>807</td>
</tr>
<tr>
<td>(d) Excise duty</td>
<td>32,247</td>
<td>49,857</td>
<td>52,627</td>
<td>150,898</td>
<td>145,661</td>
<td>195,317</td>
</tr>
<tr>
<td>(e) Employee benefits expense</td>
<td>1,259</td>
<td>1,461</td>
<td>1,587</td>
<td>4,156</td>
<td>3,049</td>
<td>6,753</td>
</tr>
<tr>
<td>(f) Finance costs</td>
<td>495</td>
<td>452</td>
<td>275</td>
<td>1,427</td>
<td>1,516</td>
<td>2,200</td>
</tr>
<tr>
<td>(g) Depreciation/amortisation and impairment expense</td>
<td>524</td>
<td>573</td>
<td>355</td>
<td>1,567</td>
<td>1,044</td>
<td>1,445</td>
</tr>
<tr>
<td>(h) Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) Advertisement and sales promotion</td>
<td>2,511</td>
<td>1,734</td>
<td>2,671</td>
<td>5,953</td>
<td>6,785</td>
<td>8,287</td>
</tr>
<tr>
<td>(ii) Loss allowance on trade receivables and other financial assets (net)</td>
<td>-</td>
<td>-</td>
<td>291</td>
<td>-</td>
<td>830</td>
<td>1,077</td>
</tr>
<tr>
<td>(iii) Other expenses</td>
<td>3,442</td>
<td>2,274</td>
<td>3,859</td>
<td>6,973</td>
<td>10,690</td>
<td>14,566</td>
</tr>
<tr>
<td>Total expenses</td>
<td>74,811</td>
<td>69,688</td>
<td>74,944</td>
<td>212,346</td>
<td>205,568</td>
<td>275,894</td>
</tr>
<tr>
<td>3 Profit (loss) before exceptional Items and tax (1-2)</td>
<td>3,437</td>
<td>3,268</td>
<td>3,185</td>
<td>9,737</td>
<td>8,232</td>
<td>10,191</td>
</tr>
<tr>
<td>4 Exceptional Items (net credit/charge)</td>
<td>-</td>
<td>-</td>
<td>203</td>
<td>-</td>
<td>202</td>
<td>287</td>
</tr>
<tr>
<td>5 Profit (loss) before tax (3+4)</td>
<td>3,437</td>
<td>3,268</td>
<td>3,185</td>
<td>9,737</td>
<td>8,232</td>
<td>10,191</td>
</tr>
<tr>
<td>9 income tax expense</td>
<td>949</td>
<td>571</td>
<td>1,286</td>
<td>2,698</td>
<td>3,219</td>
<td>4,350</td>
</tr>
<tr>
<td>(a) Current tax</td>
<td>949</td>
<td>571</td>
<td>1,286</td>
<td>2,698</td>
<td>3,219</td>
<td>4,350</td>
</tr>
<tr>
<td>(b) Deferred tax charge / (credit)</td>
<td>100</td>
<td>451</td>
<td>227</td>
<td>238</td>
<td>513</td>
<td>1,022</td>
</tr>
<tr>
<td>Total tax expense</td>
<td>1,049</td>
<td>1,022</td>
<td>1,509</td>
<td>3,000</td>
<td>3,055</td>
<td>5,372</td>
</tr>
<tr>
<td>7 Profit (loss) for the period (5-6)</td>
<td>2,588</td>
<td>2,246</td>
<td>1,676</td>
<td>6,737</td>
<td>5,177</td>
<td>6,858</td>
</tr>
<tr>
<td>9 Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(a) Items that will be reclassified to profit or loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(b) Items that will not be reclassified to profit or loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(i) Remeasurements of post-employment benefit obligations</td>
<td>-</td>
<td>6</td>
<td>29</td>
<td>307</td>
<td>60</td>
<td>15</td>
</tr>
<tr>
<td>(ii) Income tax credit / (charge) relating to these items</td>
<td>-</td>
<td>53</td>
<td>7</td>
<td>62</td>
<td>21</td>
<td>5</td>
</tr>
<tr>
<td>Total other comprehensive income, net of income tax</td>
<td>-</td>
<td>61</td>
<td>36</td>
<td>375</td>
<td>89</td>
<td>20</td>
</tr>
<tr>
<td>9 Total Comprehensive Income (7+8)</td>
<td>2,588</td>
<td>2,246</td>
<td>1,676</td>
<td>6,737</td>
<td>5,177</td>
<td>6,878</td>
</tr>
<tr>
<td>10 Paid up Equity Share Capital (Face value of INR 2/- each)</td>
<td>1,453</td>
<td>1,453</td>
<td>1,453</td>
<td>1,453</td>
<td>1,453</td>
<td>1,453</td>
</tr>
<tr>
<td>11 Other Equity</td>
<td>3,56</td>
<td>3,09</td>
<td>2,68</td>
<td>9,37</td>
<td>7,33</td>
<td>9,06</td>
</tr>
<tr>
<td>12 Earnings per share of INR 2/- each</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Basic and Diluted (INR)
## Unaudited Consolidated Statement of Financial Results for the quarter and nine months ended December 31, 2019

<table>
<thead>
<tr>
<th>Particulars</th>
<th>3 months ended December 31, 2019</th>
<th>3 months ended September 30, 2019</th>
<th>3 months ended December 31, 2018</th>
<th>9 months ended December 31, 2019</th>
<th>9 months ended December 31, 2018</th>
<th>Previous year ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Revenue from operations</td>
<td>78,123</td>
<td>72,999</td>
<td>77,771</td>
<td>224,047</td>
<td>215,894</td>
<td>288,725</td>
</tr>
<tr>
<td>(b) Other Income</td>
<td>40</td>
<td>45</td>
<td>446</td>
<td>392</td>
<td>392</td>
<td>392</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>78,181</strong></td>
<td><strong>73,045</strong></td>
<td><strong>78,217</strong></td>
<td><strong>224,188</strong></td>
<td><strong>216,491</strong></td>
<td><strong>289,417</strong></td>
</tr>
</tbody>
</table>

### Expenses:

1. **Cost of materials consumed**
   - Prior year: 11,367
2. **Purchase of stock-in-trade**
   - Prior year: 1,015
3. **Changes in inventories of finished goods, work-in-progress and stock-in-trade**
   - Prior year: 1,900
4. **Excise duty**
   - Prior year: 52,247
5. **Employee benefits expense**
   - Prior year: 1,200
6. **Finance costs**
   - Prior year: 507
7. **Depreciation, amortisation and impairment expense**
   - Prior year: 660
8. **Others**
   - Prior year: 2,519
9. **Advertisement and sales promotion**
   - Prior year: 2,519
10. **Loss allowance on trade receivables and other financial assets (net)**
    - Prior year: 505
11. **Other expenses**
    - Prior year: 3,467

### Total expenses:

- Prior year: 75,033

### Profit/(loss) before share of net profit/(loss) in associate, exceptional items and tax:

- Prior year: 3,148

### Share of net profit/(loss) in associate:

- Prior year: 8

### Profit/(loss) before exceptional items and tax:

- Prior year: 3,140

### Exceptional items [net credit/(charge)]:

- Prior year: 20

### Profit/(loss) before tax:

- Prior year: 3,140

### Income tax expense:

1. **Current tax**
   - Prior year: 954
2. **Deferred tax charge/(credit)**
   - Prior year: (129)
3. **Minimum Alternate Tax (MAT) credit**
   - Prior year: 23

### Total tax expense:

- Prior year: 820

### Profit/(loss) for the period:

- Prior year: 2,320

### Other Comprehensive Income:

1. **A Items that will be reclassified to profit or loss**
   - Prior year: 55
2. **B Items that will not be reclassified to profit or loss**
   - Prior year: (36)
3. **Income tax credit/(charge) relating to these items**
   - Prior year: (33)

### Total other comprehensive income, net of income tax:

- Prior year: 54

### Total Comprehensive Income (9+10):

- Prior year: 2,374

### Paid up Equity Share Capital (Face value of INR 2/- each):

- Prior year: 1,453

### Other Equity:

- Prior year: 2,439

### Profit attributable to:

1. **Owners**
   - Prior year: 1,452
2. **Non-controlling interest**
   - Prior year: 1,452

### Earnings per share of INR 2/- each:

- Prior year: 3.32

### Note:

(a) In calculating the weighted average number of outstanding equity shares during the quarter under consolidated results, the Company has reduced the own shares held by USL Benefit Trust (of which Company is the sale beneficiary).
United Spirits Limited

Notes to Unaudited Standalone and Consolidated Statements of Financial Results for the quarter and nine months ended December 31, 2019

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 addition, the Group holds right to the Royal Challengers Bangalore cricket franchise of the Indian Premier League (IPL). 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.

   **Indian subsidiaries:**
   - Pioneer Distilleries Limited
   - Royal Challengers Sports Private Limited
   - Sovereign Distilleries Limited
   - Tern Distilleries Private Limited
   - Four Seasons Wines Limited (Up to January 16, 2019)

   **Overseas subsidiaries:**
   - Asian Opportunities and Investments Limited
   - Liquidity Inc.
   - McDowell & Co. (Scotland) Limited
   - Montrose International S.A
   - Palmer Investment Group Limited
   - Shaw Wallace Overseas Limited
   - UB Sports Management Overseas Limited
   - United Spirits (Great Britain) Limited
   - United Spirits (Shanghai) Trading Company Limited
   - United Spirits Singapore Trading 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 for the period and other comprehensive income) of the following associates:

   - Hip Bar Private Limited (From June 25, 2018)
   - Wine Society of India Private Limited (Up to January 16, 2019)
3. This Statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.

4. Transition to Ind AS 116 ‘Leases’

Effective April 1, 2019, the Group adopted Ind AS 116, ‘Leases’. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognize right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value.

The Group has used the ‘modified retrospective approach’ for transition from the previous standard- Ind AS 17, and consequently, comparatives for previous periods have not been retrospectively adjusted. On transition on April 1, 2019, the Group recorded the lease liability at the present value of future lease payments discounted using the incremental borrowing rate, and has also chosen the practical expedient provided in the standard to measure the right-of-use assets at the same value as the lease liability on the transition date.

The effect of Ind AS 116 on the profit before tax, profit for the period and earnings per share is not material.

5. Historical Matters

(a) Additional Inquiry

As disclosed in the financial statements for the years ended March 31, 2017, March 31, 2018 and March 31, 2019, 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 into past improper transactions (‘Additional Inquiry’) which was completed in July 2016 and which 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) Subsidiaries Rationalisation

(i) As disclosed in the financial statements for the year ended March 31, 2019, the Company had sought approval of regulatory authorities for divesting its stake in Liquidity Inc., for liquidating its wholly owned subsidiary, 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, as well as for liquidating two of its other wholly owned overseas subsidiaries- United Spirits Trading (Shanghai) Company Limited and Montrose International S.A. The Board has also approved liquidation of McDowell & Co. (Scotland) Limited, Shaw Wallace Overseas Limited and United Spirits Singapore Trading Pte Ltd, for which the Company is in the process of seeking approval for liquidating the said subsidiaries. The Board has also approved merger of UB Sports Management Overseas Limited with Palmer Investment Group Limited and subsequently, merger of Palmer Investment Group Limited with the Company.

The completion of the above sale as well as liquidations and mergers by the Company 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) 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 Singapore Pte. Limited, (viii) United Spirits (Shanghai) Trading Company Limited and (ix) Montrose International SA. Accordingly, assets and liabilities of such subsidiaries have been recognised as current at their fair values that approximate to their carrying values as at December 31, 2019. 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 the financial statements for the years ended March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019, 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 7,242 million up to December 31, 2019. The Company has offset payable to UBHL under the trademark agreement amounting to INR 82 million and INR 245 million for the quarter and nine months period ended December 31, 2019, respectively and consequently, the corresponding provision for loan has been reversed to other expenses. The cumulative offset up to December 31, 2019 amounted to INR 1,693 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 are disputed by the Company, and the Company has 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.

(d) Excess managerial remuneration

As disclosed in the financial statements for the years ended March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019, 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 Companies Act, 2013 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.
(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 the financial statements for the years ended March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019, 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 the financial statements for the years ended March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019, 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 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. The Company is awaiting a response from the Registrar to the aforesaid 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 the financial statements for the years ended March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019, 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; and

(iv) as disclosed in the financial statements for the year ended March 31, 2017, March 31, 2018 and March 31, 2019, 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; (B) past acquisition of the Whyte and Mackay group; (C) non-submission/ clarifications on Annual Performance Reports (‘APR’) for prior years; and (D) compliances relating to the Company’s overseas Branch office, all of which the Company had duly responded to, except for the APRs in relation to one of the overseas subsidiaries for past years, which the Company is in the process of submitting.

(f) Dispute with IDBI Bank Limited

As disclosed in the financial statements for the years ended March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019, during the year ended March 31, 2014, the Company decided to prepay a term loan taken from IDBI Bank Limited (the “bank”) in earlier years which was secured by certain property, plant and equipment and brands of the Company as well as by a pledge of certain shares of the Company held by the USL Benefit Trust (of which the Company is the sole beneficiary). The Company deposited a sum of INR 6,280 million, including prepayment penalty of INR 40 million, with the bank and instructed the bank to debit the amount from its cash credit account towards settlement of the loan and release the assets and shares pledged by the Company. The bank, however, disputed the prepayment,
following which the Company filed a writ petition ("WP") in November 2013 before the Hon'ble High Court of Karnataka challenging the actions of the bank.

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

In June 2019, a single judge bench of the Hon'ble High Court of Karnataka issued an order dismissing the writ petition filed by the Company, amongst other reasons, on the basis that the matter involved an issue of breach of contract by the Company and was therefore not maintainable in exercise of the court's writ jurisdiction. The Company disputed the Order and filed an appeal against this order before a division bench of the Hon'ble High Court of Karnataka. During the quarter ended September 30, 2019, the division bench of the Hon'ble High Court of Karnataka reinstated the interim order in the writ petition, thereby granting a stay on the disposal of the secured assets of the Company by the bank. On January 13, 2020, the division bench of the Hon'ble High Court of Karnataka admitted the writ appeal and extended the interim stay. Based on management assessment supported by external legal opinions, the Company continues to believe that it has a strong case on merits and therefore continues to believe that the aforesaid amount of INR 459 million remains recoverable from the bank.

In a separate proceeding before the Debt Recovery Tribunal (DRT), Bengaluru, initiated by a consortium of banks (including the bank) for recovery of the loans advanced by the bank to Kingfisher Airlines Limited (KAL), the bank filed an application for attachment of the pledged shares belonging to USL Benefit Trust. DRT dismissed the said application of the bank. During the quarter ended September 30, 2017, the bank filed an ex-parte appeal before the Debt Recovery Appellate Tribunal ("DRAT"), Chennai against the order of the DRT. During the quarter ended December 31, 2017, following an appeal 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.

(g) Difference in yield of certain non-potable intermediaries and associated process losses

As disclosed by the Company in its financial results for the quarter ended December 31, 2018 and in the financial statements for the 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 results.
The Company had re-evaluated the existing controls and processes in this area and strengthened the same before the year ended March 31, 2019. 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.

Management will continue to monitor developments, if any, in this matter.

6. Derecognition of Deferred tax assets in subsidiary

During the month of June 2019, management of Pioneer Distilleries Limited (PDL), a subsidiary of the Company undertook a detailed technical review of plant operations and processes. Based on the recommendations of this review, PDL proposed to augment its manufacturing infrastructure and processes which involves capital and overhauling spends resulting in temporary reduction in production volumes. Accordingly, the future business plans and projected profits were re-evaluated. Further, in light of reduction in production volumes and increase in cost of materials, overheads and interest, PDL’s ability to earn sufficient taxable profits is likely to be impeded resulting in a significant uncertainty regarding utilisation of deferred tax assets (including MAT credit) against unused tax losses and therefore, as a matter of prudence, deferred tax assets amounting to INR 602 million (including MAT credit of INR 117 million) were written-off in PDL’s unaudited standalone financial results and in the Company’s unaudited consolidated financial results for the quarter ended June 30, 2019.

7. Impact on tax charge pursuant to Taxation Laws (Amendment) Ordinance 2019

Pursuant to a notification of the Taxation Laws (Amendment) Ordinance 2019, the Company and one of its Indian subsidiaries have opted to pay tax as per Section 115BAA at the income tax rate of 22% (plus applicable surcharge and cess). Consequently, during the quarter ended September 30, 2019, the Group had recognised the impact of remeasurement of the net deferred tax assets and the current tax charge. Accordingly, the excess current tax provision relating to quarter ended June 30, 2019 amounting to INR 335 million had been reversed during the quarter ended September 30, 2019 included in the Unaudited Standalone and Consolidated Statements of Financial Results for the nine months ended December 31, 2019. Similarly, the excess net deferred tax assets (including minimum alternate tax) of INR 530 million and INR 642 million has been reversed during the quarter ended September 30, 2019 included in the Unaudited Standalone and Consolidated Statements of Financial Results for the nine months ended December 31, 2019 respectively.

8. Sale of bulk scotch

Revenue from operations and Profit before tax for the nine months ended December 31, 2019 includes INR 1,710 million and INR 821 million, respectively, arising from sale of bulk scotch held by the Company’s branch outside India, to Diageo Scotland Limited, a fellow subsidiary of the Company.

During the nine months ended December 31, 2019, the Company has sold certain bulk scotch, over which an overseas vendor had exercised lien in earlier periods. Revenue from operations and Profit before tax for the nine months ended December 31, 2019 include INR 229 million and INR 93 million respectively, from sale of such bulk scotch held by the Company’s branch outside India, to the said overseas vendor.

9. Re-measurement of defined benefit obligations

During the six months ended September 30, 2019, the Company has recognized an impairment charge of INR 275 million (net of tax of INR 93 million) in Other Comprehensive Income, arising from impairment in the fair value of certain investments held by the Company administered Provident Fund trust.
10. 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 712,318 shares and the revised shareholding of Relay BV (the holding company, a subsidiary of Diageo plc) in the Company will change from 55.24% to 55.18%. The Scheme is subject to the receipt of requisite approvals from the relevant statutory authorities including Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited, the National Company Law Tribunal, and the respective shareholders and creditors of PDL and of the Company.

11. The comparative figures for the previous periods presented have been regrouped/reclassified where necessary, to conform with the current period's presentation for the purpose of comparability.

12. The comparative figures for the quarter and nine months ended December 31, 2019, included in the Unaudited Consolidated Statement of Financial Results for the quarter and nine months ended December 31, 2019 have been reviewed by the Audit and Risk Management Committee of the Holding Company and approved by the Holding Company's Board of Directors at their meeting held on January 27, 2020, but have not been subjected to review by the statutory auditors as the mandatory requirement for limited review of consolidated results has been made applicable for periods beginning April 1, 2019, pursuant to Regulation 33(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

13. The Unaudited Standalone and Consolidated Statements of Financial Results for the quarter and nine months ended December 31, 2019, have been reviewed by the Audit and Risk Management Committee of the Holding Company and approved by the Board of Directors of the Holding Company at their meetings held on January 27, 2020.

Place: Bengaluru
Date: January 27, 2020

By authority of the Board

[Signature]

Anand Kripalu
Managing Director and Chief Executive Officer
Review Report

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

1. We have reviewed the unaudited standalone financial results of United Spirits Limited (the “Company”) for
the quarter ended December 31, 2019 and the year to date results for the period April 1, 2019 to December
31, 2019 which are included in the accompanying ‘Unaudited Standalone Statement of Financial Results for
the quarter and nine months ended December 31, 2019’ together with the notes thereon (the “Standalone
Statement”). The Standalone Statement 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, 2015”), which has been initialled by us for identification purposes.

2. This Standalone Statement, 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 Statement based on our review.

3. We conducted our review of the Standalone Statement 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 Statement 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 stated in paragraph 3 above, nothing has come to our attention that causes
us to believe that the Standalone Statement has not been prepared in all material respects in accordance with
the recognition and measurement principles laid down in Ind AS 34 and other accounting principles
generally accepted in India, and has not disclosed the information required to be disclosed in terms of
Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it
contains any material misstatement.
5. We draw your attention to the following matters:

a) As explained in Note 5(a) to the Standalone Statement, 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 5(b)(i) to the Standalone Statement, 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 5(d) to the Standalone Statement, 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 Companies Act, 2013 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 5(e) to the Standalone Statement, 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) and Company's authorised dealer banks ('AD') to which the Company has either responded, or is in the process of responding.

e) As explained in Note 5(f) to the Standalone Statement, the Company is in litigation 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"). In June 2019, a single judge bench of the Court has issued an order dismissing the writ petition filed by the Company. The Company disputed the order and filed an appeal against this order before a division bench of the Court. During the quarter ended September 30, 2019, the division bench of the Court reinstated the interim order in the writ petition, thereby granting a stay on the disposal of the pledged assets of the Company by the bank. In January 2020, the division bench of the Court admitted the writ appeal and extended the interim stay. 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. 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 5(g) to the Standalone Statement, the Company in the previous year 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 under paragraph 5 above.
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 (herein referred to as the “Holding Company”), its subsidiaries and the 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 December 31, 2019 and the year to date results for the period April 1, 2019 to December 31, 2019 which are included in the accompanying ‘Unaudited Consolidated Statement of Financial Results for the quarter and nine months ended December 31, 2019’ together with notes thereon (the “Consolidated Statement”). The Consolidated Statement has been prepared 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”), which has been initialled by us for identification purposes.

2. This Consolidated Statement, which is the responsibility of the Holding Company’s Management and has been approved by the Holding Company’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Consolidated Statement based on our review.

3. We conducted our review of the Consolidated Statement 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 Statement 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.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.
4. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Consolidated Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in Ind AS 34 and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We draw your attention to the following matters:

   a) As explained in Note 5(a) to the Consolidated Statement, 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 Group, if any, arising from potential non-compliances with applicable laws in respect of the above.

   b) As explained in Note 5(b)(i) to the Consolidated Statement, the Group 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 Group, if any, arising out of potential historical non-compliances with applicable laws, if established.

   c) As explained in Note 5(d) to the Consolidated Statement, 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 Companies Act, 2013 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.

   d) Note 5(e) to the Consolidated Statement, which describes the various regulatory notices and communications received by the Holding Company from Securities Exchange Board of India ('SEBI'), Ministry of Corporate Affairs ('MCA')/Registrar of Companies, Karnataka (the 'Registrar'), Directorate of Enforcement ('ED') and Holding Company's authorised dealer banks ('AD') to which the Holding Company has either responded, or is in the process of responding.

   e) As explained in Note 5(f) to the Consolidated Statement, the Holding Company is in litigation with a bank (“the bank”) that continues to retain the pledge of certain assets of the Holding Company including 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”). In June 2019, a single judge bench of the Court has issued an order dismissing the writ petition filed by the Holding Company. The Holding Company disputed the order and filed an appeal against this order before a division bench of the Court. During the quarter ended September 30, 2019, the division bench of the Court reinstated the interim order in the writ petition, thereby granting a stay on the disposal of the pledged assets of the Holding Company by
the bank. In January 2020, the division bench of the Court admitted the writ appeal and extended the interim stay. 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. 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.

f) As explained in Note 5(g) to the Consolidated Statement, the Holding Company in the previous year 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.

g) As explained in Note 5(b)(ii) to the Consolidated Statement, consequent to rationalisation process initiated by the Group in respect of certain overseas subsidiaries including step down subsidiaries, the financial results of such subsidiaries included in the accompanying Consolidated Statement have been prepared on a liquidation basis. Accordingly, the assets and liabilities of such subsidiaries have been recognized as current at their fair values that approximate their carrying values as at December 31, 2019.

6. The consolidated statement includes the financial results of 13 overseas 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)/profit after tax of INR (12) million and INR 47 million respectively and total comprehensive (loss)/income of INR (12) million and INR 47 million respectively for the quarter ended December 31, 2019 and for the period from April 1, 2019 to December 31, 2019, respectively. The consolidated statement also includes the Group’s share of net (loss) after tax of INR (8) million and INR (23) million and total comprehensive income/(loss) of INR (8) million and INR (23) million for the quarter ended December 31, 2019 and for the period from April 1, 2019 to December 31, 2019 respectively, in respect of an associate company, based on their financial results which have not been reviewed by its auditors. According to the information and explanations given to us by the Management, these figures of the aforesaid subsidiaries, trust and associate are not material to the Group.

Our conclusion on the Consolidated Statement is not modified in respect of the matters described under paragraphs 5 and 6 above.

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

Pradip Kanakia
Partner
Membership Number: 039985
UDIN: 20039985AAAAA1092

Place: Bengaluru
Date: January 27, 2020
UNITED SPIRITS LIMITED

PRESS RELEASE

Unaudited financial results for the quarter and nine months ended 31 December 2019
(Standalone only)
PAT grew 35% during the quarter

Third quarter performance highlights:

- Net sales grew 3%; exhibiting an improving trend over the previous quarter, but still impacted by the broader consumption slowdown.
- Prestige & Above segment net sales grew 8%, albeit on a high comparative.
- Popular segment net sales declined 5% overall, led by a decline of 4% in priority states.
- Gross margin was 44.4%, down 421bps versus last year, primarily due to the adverse impact of COGS inflation.
- Reported EBITDA was Rs. 424 Crores, up 18%. Despite significant gross margin compression, EBITDA margin was 16.4%, up 207bps, primarily delivered through savings in operating costs and to a lesser extent by a lower marketing reinvestment rate.
- Interest costs were Rs. 46 Crores, 21% lower than last year.
- Profit after tax was Rs. 259 Crores, up 35%; PAT margin was 10.0%, up 232bps.

Nine months performance highlights:

- Reported net sales grew 5%; underlying net sales excluding the one-off benefit from bulk Scotch sale grew 3%, primarily impacted by general elections in the first quarter and thereafter by consumption slowdown combined with liquidity tightness in the trade channel, notwithstanding a high comparative last year.
- Prestige & Above segment net sales grew 6%, lapping a high comparative of last year.
- Popular segment reported net sales declined 2%. Underlying net sales excluding the impact of operating model changes declined 1%. Net sales of Popular segment in priority states were flat.
- Gross margin was 45.5%, down 413bps versus last year, primarily due to significant COGS inflation. After adjusting for the bulk Scotch sale, underlying gross margin was 45.4%, down 426bps.
- Reported EBITDA was Rs. 1235 Crores, up 23%; reported EBITDA margin was 17.4%, up 248bps despite significantly lower gross margin; delivered mainly through savings in operating costs and to a lesser extent by lower reinvestment rate. After adjusting for the one-off impact of bulk Scotch sale and restructuring costs, underlying EBITDA increased by 11% and underlying EBITDA margin was 16.6%, higher by 118bps.
- Interest costs were Rs. 143 Crores, 11% lower than last year, mainly due to lower debt.
- Profit after tax was Rs. 681 Crores, up 28%; PAT margin was 9.6%, up 168bps.

Anand Kripalu, CEO, commenting on the quarter and nine months ended 31 December 2019 said:

"We saw a sequential improvement in the current quarter with overall sales growing 3%, led by our Prestige and Above portfolio growth of 8%, even as the broader consumption slowdown continued to weigh on the overall business. We are particularly encouraged to see some momentum in our Prestige and Above portfolio, a sharp improvement from the previous quarter, when the segment hadn’t grown, in part due to our internal operational challenges. Additionally, during the quarter, we saw a return of premiumisation trend, with each sub-segment growing faster than the one beneath it, and especially with our Scotch brands showing strong growth.

During the third quarter, we continued to experience substantial inflation in our key raw material costs. While this resulted in significant compression in gross margin, we still delivered an EBITDA margin of 16.4%, up 207bps. More importantly, we also delivered an EBITDA margin expansion during the first nine months of this fiscal year, underlining our ability to manage all lines of the P&L to deliver margin.

The marketing reinvestment rate for the quarter was 9.7%, bringing the reinvestment rate for this fiscal to 8.4%, within our guided range for the year.

Overall, we delivered a PAT of Rs. 259 crores during the quarter, up 35%. The PAT for the first nine months of the year came in at Rs. 681 crores, up 28%.

We are optimistic that the economy will gradually recover, and with that the business should bounce back more strongly. We remain committed to our medium-term ambition of growing the top line by double digits and to improve EBITDA margin to mid-high teens"
KEY FINANCIAL INFORMATION  
For the nine months ended 31 December 2019

Summary financial information

<table>
<thead>
<tr>
<th></th>
<th>F20 P9 YTD</th>
<th>F19 P9 YTD</th>
<th>Movement %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume</strong></td>
<td>EUm</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>Rs. Crores</td>
<td>7,097</td>
<td>6,731</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>Rs. Crores</td>
<td>(3,869)</td>
<td>(3,391)</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td>Rs. Crores</td>
<td>3,228¹</td>
<td>3,340</td>
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<tr>
<td><strong>Staff cost</strong></td>
<td>Rs. Crores</td>
<td>(411)²</td>
<td>(505)²</td>
</tr>
<tr>
<td><strong>Marketing spend</strong></td>
<td>Rs. Crores</td>
<td>(595)</td>
<td>(679)</td>
</tr>
<tr>
<td><strong>Other Overheads</strong></td>
<td>Rs. Crores</td>
<td>(987)</td>
<td>(1,152)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>Rs. Crores</td>
<td>1,235</td>
<td>1,004</td>
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<tr>
<td><strong>Other Income</strong></td>
<td>Rs. Crores</td>
<td>41</td>
<td>83</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>Rs. Crores</td>
<td>(160)</td>
<td>(104)</td>
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<tr>
<td><strong>EBIT</strong></td>
<td>Rs. Crores</td>
<td>1,116</td>
<td>983</td>
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<tr>
<td><strong>Interest</strong></td>
<td>Rs. Crores</td>
<td>(143)</td>
<td>(160)</td>
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<tr>
<td><strong>PBT before exceptional items</strong></td>
<td>Rs. Crores</td>
<td>974</td>
<td>823</td>
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<tr>
<td><strong>Exceptional items</strong></td>
<td>Rs. Crores</td>
<td>-</td>
<td>(20)</td>
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<tr>
<td><strong>PBT</strong></td>
<td>Rs. Crores</td>
<td>974</td>
<td>803</td>
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<tr>
<td><strong>Tax</strong></td>
<td>Rs. Crores</td>
<td>(293)</td>
<td>(271)</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>Rs. Crores</td>
<td>681</td>
<td>532</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>F20 P9 YTD</th>
<th>F19 P9 YTD</th>
<th>Movement bps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross profit</strong></td>
<td>%</td>
<td>45.5</td>
<td>49.6</td>
</tr>
<tr>
<td><strong>Staff cost</strong></td>
<td>%</td>
<td>5.8</td>
<td>7.5</td>
</tr>
<tr>
<td><strong>Marketing spend</strong></td>
<td>%</td>
<td>8.4</td>
<td>10.1</td>
</tr>
<tr>
<td><strong>Other Overheads</strong></td>
<td>%</td>
<td>13.9</td>
<td>17.1</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>%</td>
<td>17.4</td>
<td>14.9</td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>%</td>
<td>9.6</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Basic earnings per share</strong></td>
<td>rupees</td>
<td>9.4</td>
<td>7.3</td>
</tr>
<tr>
<td><strong>Earnings per share before exceptional items</strong></td>
<td>rupees</td>
<td>9.4</td>
<td>7.5</td>
</tr>
</tbody>
</table>

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-off impact of Rs. 84 cr. from sale of bulk Scotch.
² Staff cost include a one-off restructuring cost of Rs 36 cr. in F19Q1 and Rs 2 cr. in F20Q1.
Reported net sales in the first nine months of the financial year grew 5%, primarily impacted by general elections in the first quarter and thereafter by consumption slowdown that was further aggravated by liquidity tightness in the trade channel in certain markets. Excluding the one-off benefit from sale of bulk Scotch inventory, underlying net sales grew 3%. Net Sales of Prestige & Above segment grew 6% while net sales of Popular segment declined 1% after adjusting for the operating model changes.

During this period, overall volume grew 2% with the Prestige & Above volume growth of 5% offsetting Popular segment volume decline of 1%. Underlying price/mix for the first nine months was 1%, mainly due to part-absorption of Excise Duty hike in Maharashtra and adverse mix caused by temporary supply chain issues in the second quarter and ongoing trade-liquidity challenges.

Reported EBITDA was Rs. 1235 Crores for the first nine months of the year, up 23%. Excluding the one-off bulk Scotch sale in F20 and one-off restructuring costs in F19, underlying EBITDA increased 11%. This was despite a Gross profit decline of Rs. 111 Crores during this period, primarily driven by significant COGS inflation.

Enhanced operating efficiencies resulted in savings in staff costs and other overheads that contributed to EBITDA growth. Additionally, lower marketing investment also contributed towards higher EBITDA; even as the reinvestment rate for the first nine months was within the guided range for the full year.

* For 9MF20 Gross profit includes Rs. 84 crores resulting from bulk Scotch sale. Excluding that, gross profit would have decreased by Rs. 196 crores during the first nine months of the year primarily driven by COGS inflation.
** Staff costs include a restructuring cost of Rs. 36 crores in F19Q1 and Rs. 2 crores in F20Q1. Adjusted for these, underlying saving in staff cost was Rs. 60 crores.
Reported EBITDA margin of 17.4% improved by 248bps. Underlying EBITDA margin, excluding the one-off benefit from bulk Scotch sale and adjusted for one-off restructuring costs was 16.6%, up 118bps, despite significant compression in gross margin.

Reported gross margin contracted by 413bps, primarily impacted by significant COGS inflation. Persistent efforts towards cost management and driving operating efficiencies resulted in savings in staff costs, which contributed 171bps to EBITDA margin improvement and other overheads, which contributed an additional 320bps. Finally, lower A&P reinvestment rate contributed another 170bps, even though the reinvestment rate for the first nine months was 8.4%, in line with our earlier guidance.
SEGMENT AND BRAND REVIEW
For the quarter and nine months ended 31 December 2019

Key segments:

For the nine months ended 31 December 2019

<table>
<thead>
<tr>
<th></th>
<th>F20 9M Reported EUm</th>
<th>F19 9M Reported EUm</th>
<th>Reported movement %</th>
<th>Underlying movement %</th>
<th>F20 9M Reported Rs. Cr.</th>
<th>F19 9M Reported Rs. Cr.</th>
<th>Reported movement %</th>
<th>Underlying movement %</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;A</td>
<td>32.5</td>
<td>31.1</td>
<td>5</td>
<td>5</td>
<td>4,713</td>
<td>4,466</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Popular</td>
<td>29.0</td>
<td>29.4</td>
<td>(1)</td>
<td>(1)</td>
<td>2,082</td>
<td>2,116</td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>302²</td>
<td>148</td>
<td>104</td>
<td>(12)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>61.5</td>
<td>60.5</td>
<td>2</td>
<td>2</td>
<td>7,097</td>
<td>6,731</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

¹ Underlying movement adjusts for the impact of operating model changes in the Popular segment
² Includes bulk Scotch sale of Rs. 171 cr.

For the quarter ended 31 December 2019

<table>
<thead>
<tr>
<th></th>
<th>F20 Q3 Reported EUm</th>
<th>F19 Q3 Reported EUm</th>
<th>Movement %</th>
<th>F20 Q3 Reported Rs. Cr.</th>
<th>F19 Q3 Reported Rs. Cr.</th>
<th>Movement %</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;A</td>
<td>11.4</td>
<td>11.1</td>
<td>3</td>
<td>1,788</td>
<td>1,651</td>
<td>8</td>
</tr>
<tr>
<td>Popular</td>
<td>10.1</td>
<td>10.8</td>
<td>(6)</td>
<td>737</td>
<td>776</td>
<td>(5)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>57</td>
<td>70</td>
<td>(18)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21.5</td>
<td>21.9</td>
<td>(2)</td>
<td>2,583</td>
<td>2,497</td>
<td>3</td>
</tr>
</tbody>
</table>

• The **Prestige & Above segment** accounted for 66% of net sales during the first nine months of the year, flat compared to same period last year, primarily due to one-time sale of bulk Scotch affecting the relative salience of the segments; net of that, the segment accounted for 67% of net sales, up 1ppt s versus last year.

During the third quarter, Prestige & Above segment net sales grew 8%, on a high comparative of last year, a sharp improvement from the previous quarter when the segment didn’t register any growth. This quarter saw a return of premiumisation trend within the segment that we had been seeing before it got disrupted in the previous quarter.

Within the segment, our Scotch portfolio, including both Bottled in Origin (BIO) as well as Bottled in India (BII) brands, grew much faster than the overall Prestige & Above portfolio.

• The **Popular segment** accounted for 29% of net sales during the first nine months of the year, down 2ppt s compared to same period last year, in part due to one-time sale of bulk Scotch affecting the relative salience of the segments; net of that, the segment accounted for 30% of net sales, down 2 ppt s versus last year.

During the quarter, Popular segment net sales declined 5% overall, led by a decline of 4% in Priority states.
Cautionary statement concerning forward-looking statements

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

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**Media enquiries to:** Charlotte Rodrigues +91 99 8726 5110 [Charlotte.rodrigues@diageo.com](mailto:Charlotte.rodrigues@diageo.com)
Q&A CONFERENCE CALL

Anand Kripalu, Managing Director and Chief Executive Officer and Sanjeev Churiwala, Executive Director and Chief Financial Officer will be hosting a Q&A conference call on Tuesday, 28 January 2020 at 12:00 pm (IST time). If you would like to listen to the call or ask a question, please use the dial in details below.

A transcript of the conference call will be available for download on 31st January 2020 at www.diageoindia.com.

Conference Access Information

Option 1

Connect to your call without having to wait for an operator. It’s easy, it’s convenient, it’s effective.

Or Copy this URL in your browser:
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| Hong Kong               | 800964448             |
| Singapore               | 8001012045            |
| UK                      | 08081011573           |
| USA                     | 18667462133           |

| International Toll      |                        |            |
| Hong Kong               | 85230186877            |
| Singapore               | 6531575746             |
| UK                      | 442034785524           |
| USA                     | 13233868721            |