

United Spirits Limited

Registered Office:

UB Tower

#24 Vittal Mallya Road

Bengaluru 560 001

Tel: +91 80 2221 0705

Fax: +91 80 2224 5253

www.diageoindia.com

May 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 Audited Financial results for the quarter and year ended March 31, 2020 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR)).

The Board of Directors of the Company at their meeting held today, approved *inter-alia* the Audited standalone and consolidated financial results of the Company for the quarter and year ended March 31, 2020. ("AFR"). The Auditor's Report ("AR") thereon, received from the Statutory Auditors of the Company on the standalone and consolidated financial results were placed at the said Meeting. AFR along with the AR and a Press Release in respect of this AFR are enclosed and are being uploaded on to your websites along with this letter.

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

The Board meeting commenced at 2:00 p.m. IST and concluded at 5:50 p.m. IST.

Thanking you,

Yours faithfully,

for **United Spirits Limited**

V. Ramachandran
EVP & Company Secretary

Enclosed: As Above



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Standalone Statement of Results for the quarter and year ended March 31, 2020

(INR in Millions except for earnings per share data)

Particulars	3 months ended March 31, 2020	3 months ended December 31, 2019	3 months ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
	Refer Note 13	Unaudited	Refer Note 13	Audited	
1 Income					
(a) Revenue from operations	64,223	78,072	72,156	2,85,892	2,85,123
(b) Other income	41	176	119	455	952
Total income	64,264	78,248	72,275	2,86,347	2,86,075
2 Expenses:					
(a) Cost of materials consumed	11,357	11,363	11,134	46,239	42,250
(b) Purchase of stock-in-trade	409	1,015	705	2,907	2,892
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(236)	1,988	199	1,074	807
(d) Excise duty	44,285	52,247	49,656	1,94,983	1,95,317
(e) Employee benefits expense	1,106	1,266	1,704	5,143	6,753
(f) Finance costs	480	455	605	1,907	2,200
(g) Depreciation and amortisation expense	678	524	401	2,275	1,445
(h) Others:					
(i) Advertisement and sales promotion	1,200	2,511	1,799	7,153	8,587
(ii) Loss allowance on trade receivables and other financial assets (net)	(164)	(183)	247	(503)	1,077
(iii) Other expenses	3,552	3,625	3,876	13,835	14,566
Total expenses	62,667	74,811	70,326	2,75,013	2,75,894
3 Profit / (loss) before exceptional items and tax (1 - 2)	1,597	3,437	1,949	11,334	10,181
4 Exceptional items, net (Refer Note 9)	13	-	(65)	13	(267)
5 Profit / (loss) before tax (3 + 4)	1,610	3,437	1,884	11,347	9,914
6 Income tax expense					
(a) Current tax	372	949	1,131	3,063	4,350
(b) Current tax relating to earlier years	857	-	-	857	-
(c) Deferred tax charge / (credit)	142	(100)	(509)	380	(1,022)
Total tax expense	1,371	849	622	4,300	3,328
7 Profit / (loss) for the period (5 - 6)	239	2,588	1,262	7,047	6,586
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	1	-	(45)	(366)	15
(ii) Income tax credit / (charge) relating to above	-	-	16	92	(5)
Total other comprehensive income, net of income tax	1	-	(29)	(274)	10
9 Total Comprehensive Income (7 + 8)	240	2,588	1,233	6,773	6,596
10 Earnings per share of INR 2/- each:					
Basic and Diluted (in INR)	0.33	3.56	1.73	9.70	9.06

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Consolidated Statement of Results for the quarter and year ended March 31, 2020

(INR in Millions except for earnings per share data)

	3 months ended March 31, 2020	3 months ended December 31, 2019	3 months ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
	Refer Note 13	Unaudited	Refer Note 13	Audited	
1 Income					
(a) Revenue from operations	64,190	78,123	72,831	2,88,237	2,88,725
(b) Other income	79	58	95	220	692
Total income	64,269	78,181	72,926	2,88,457	2,89,417
2 Expenses:					
(a) Cost of materials consumed	11,381	11,357	11,237	46,398	42,545
(b) Purchase of stock-in-trade	409	1,015	705	2,907	2,832
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(326)	1,968	165	984	657
(d) Excise duty	44,285	52,247	49,656	1,94,983	1,95,317
(e) Employee benefits expense	1,094	1,293	1,734	5,300	6,898
(f) Finance costs	529	507	648	2,120	2,372
(g) Depreciation, amortisation and impairment expense	851	660	558	2,853	2,147
(h) Others:					
(i) Advertisement and sales promotion	1,195	2,519	1,811	7,173	8,591
(ii) Loss allowance on trade receivables and other financial assets (net)	(112)	(284)	417	(551)	1,361
(iii) Other expenses	3,784	3,751	4,258	15,320	16,588
Total expenses	63,090	75,033	71,189	2,77,487	2,79,308
3 Profit / (loss) before share of net profit / (loss) in associates, exceptional items and tax (1-2)	1,179	3,148	1,737	10,970	10,109
4 Share of net profit / (loss) in associates	(10)	(8)	(6)	(33)	(18)
5 Profit / (loss) before exceptional items and tax (3+4)	1,169	3,140	1,731	10,937	10,091
6 Exceptional items, net (Refer Note 9)	666	-	6	666	26
7 Profit / (loss) before tax (5 + 6)	1,835	3,140	1,737	11,603	10,117
8 Income tax expense					
(a) Current tax	372	949	1,157	3,063	4,467
(b) Current tax relating to earlier years	857	-	-	857	-
(c) Deferred tax charge / (credit)	9	(129)	(565)	1,373	(1,070)
(d) MAT credit written-off / (entitlement)	104	-	(24)	104	(116)
Total tax expense	1,342	820	568	5,397	3,281
9 Profit / (loss) for the period (7-8)	493	2,320	1,169	6,206	6,836
10 Other Comprehensive Income					
A. Items that will be reclassified to profit or loss					
(i) Exchange differences on translation of foreign operations	7	55	63	49	20
B. Items that will not be reclassified to profit or loss					
(i) Remeasurements of post-employment benefit plans	8	(1)	(47)	(360)	13
(ii) Income tax credit / (charge) relating to above	(1)	-	16	91	(5)
Total other comprehensive income, net of income tax	14	54	32	(220)	28
11 Total Comprehensive Income (9+10)	507	2,374	1,201	5,986	6,864
12(a) Profit attributable to:					
Owners	584	2,353	1,230	6,589	7,002
Non-controlling interest	(91)	(33)	(61)	(383)	(166)
	493	2,320	1,169	6,206	6,836
12(b) Other comprehensive income attributable to:					
Owners	13	54	32	(221)	29
Non-controlling interest	1	-	0	1	(1)
	14	54	32	(220)	28
12(c) Total comprehensive income attributable to: (12(a) + 12(b))					
Owners	597	2,407	1,262	6,368	7,031
Non controlling Interest	(90)	(33)	(61)	(382)	(167)
	507	2,374	1,201	5,986	6,864
13 Earnings per share of INR 2/- each:					
[Refer Note below]					
Basic and Diluted (in INR)	0.82	3.32	1.73	9.29	9.87

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).

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Standalone Statement of Assets and Liabilities as at March 31, 2020

(INR in Millions)

	As at	As at
	March 31, 2020	March 31, 2019
	Audited	
ASSETS		
Non-current assets		
Property, plant and equipment	11,069	11,151
Right-of-use assets	1,975	-
Capital work-in-progress	1,017	1,006
Intangible assets	303	131
Intangible assets under development	170	165
Investments in subsidiaries and associate	2,526	2,984
Financial assets		
Loans	4,000	6,475
Other financial assets	770	757
Deferred tax assets (net)	1,590	1,878
Income tax assets (net)	10,714	9,309
Other non-current assets	3,592	3,695
Total non-current assets	37,726	37,551
Current assets		
Inventories	18,361	18,767
Financial assets		
Trade receivables	22,835	25,181
Cash and cash equivalents	271	509
Bank balances other than cash and cash equivalents	74	79
Loans	159	169
Other financial assets	2,915	1,529
Other current assets	3,204	2,838
Total current assets	47,819	49,072
Total assets	85,545	86,623
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,453	1,453
Other equity		
Reserves and surplus	36,644	29,862
Total equity	38,097	31,315
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	-	7,643
Lease liabilities	1,203	-
Provisions	70	518
Total non-current liabilities	1,273	8,161
Current liabilities		
Financial liabilities		
Borrowings	13,230	18,086
Lease liabilities	762	-
Trade payables		
(A) total outstanding dues of micro and small enterprises	440	269
(B) total outstanding dues of creditors other than micro and small enterprises	11,272	13,091
Other financial liabilities	9,246	2,267
Provisions	4,275	3,259
Income tax liabilities (net)	2,976	4,205
Other current liabilities	3,974	5,970
Total current liabilities	46,175	47,147
Total liabilities	47,448	55,308
Total Equity and liabilities	85,545	86,623

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Consolidated Statement of Assets and Liabilities as at March 31, 2020

(INR in Millions)

	As at March 31, 2020	As at March 31, 2019
	Audited	
ASSETS		
Non-current assets		
Property, plant and equipment	13,538	14,182
Right-of-use assets	1,975	-
Capital work-in-progress	1,041	1,019
Goodwill	210	493
Other Intangible assets	3,836	3,737
Intangible assets under development	170	165
Investments accounted for using equity method	219	252
Financial assets		
Loans	184	227
Other financial assets	1,754	1,635
Deferred tax assets (net)	1,590	2,900
Income tax assets (net)	11,361	9,787
Other non-current assets	3,932	4,054
Total non-current assets	39,810	38,451
Current assets		
Inventories	19,275	19,343
Financial assets		
Trade receivables	22,835	25,425
Cash and cash equivalents	661	2,164
Bank balances other than cash and cash equivalents	74	665
Loans	160	169
Other financial assets	3,058	2,547
Other current assets	2,570	2,325
Total current assets	48,633	52,638
Assets held for sale	70	-
Total assets	88,513	91,089
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,453	1,453
Other equity		
Reserves and surplus	35,827	29,450
Equity attributable to the owners of the United Spirits Limited	37,280	30,903
Non-controlling interests	(413)	(31)
Total equity	36,867	30,872
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	147	7,804
Lease liabilities	1,203	-
Provisions	82	535
Deferred tax liabilities	76	-
Other non-current liabilities	200	-
Total non-current liabilities	1,708	8,339
Current liabilities		
Financial liabilities		
Borrowings	16,060	20,894
Lease liabilities	762	-
Trade payables		
(A) total outstanding dues of micro and small enterprises	469	278
(B) total outstanding dues of creditors other than micro and small enterprises	11,525	13,805
Other financial liabilities	9,426	2,464
Provisions	4,539	3,457
Income tax liabilities (net)	2,976	4,205
Other current liabilities	4,181	6,775
Total current liabilities	49,938	51,878
Total liabilities	51,646	60,217
Total Equity and liabilities	88,513	91,089

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Standalone Statement of Cash flows for the year ended March 31, 2020

(INR in Millions)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Audited	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	11,347	9,914
Adjustments for		
Depreciation and amortisation expense	2,275	1,445
Employee share-based payment expense	124	197
Loss allowance on trade receivables and other financial assets (net)	(503)	1,077
Provision for doubtful other assets (net)	(20)	181
Exchange gain (net) on translation of foreign currency monetary assets and liabilities	(24)	(15)
Finance costs	1,907	2,200
Liabilities, provisions no longer required written back	(60)	(96)
Gain on disposal of property, plant and equipment (net)	(63)	(366)
Interest income	(281)	(425)
Exceptional items, net (Refer Note 9)	(13)	267
Operating profit before changes in working capital	14,689	14,379
(Increase) / decrease in trade receivables	2,515	982
(Increase) / decrease in loans and other financials assets	(991)	(986)
(Increase) / decrease in other assets	(228)	2,323
(Increase) / decrease in inventories	406	(73)
Increase / (decrease) in trade payables	(1,683)	(1,046)
Increase / (decrease) in other financial liabilities	(399)	(485)
Increase / (decrease) in other liabilities	(1,944)	1,681
Increase / (decrease) in provisions	(37)	38
Cash generated from operations	12,328	16,813
Income taxes paid	(5,658)	(8,238)
Net cash generated from operating activities (A)	6,670	8,575
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(2,096)	(1,614)
Proceeds from sale of property, plant and equipment and assets held for sale	118	958
Investments in subsidiaries and associate	-	(1,447)
Proceeds from sale of investment in subsidiaries	-	319
Long terms loans given to subsidiaries	(1,739)	(1,766)
Repayment of loans by subsidiaries	2,343	3,071
Interest received	1,639	413
Net cash inflow / (outflow) from investing activities (B)	265	(66)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds / (repayment) of commercial papers	(9,000)	(8,087)
Net proceeds / (repayment) of working capital loans	4,073	1,095
Principal paid on lease liabilities	(645)	-
Interest paid on borrowings	(1,439)	(2,127)
Interest paid on lease liabilities	(162)	-
Net cash inflow / (outflow) from financing activities (C)	(7,173)	(9,119)
Net increase / (decrease) in cash and cash equivalents [D = A+B+C]	(238)	(610)
Cash and cash equivalents as at the beginning of the year (E)	509	1,119
Net increase / (decrease) in cash and cash equivalents	(238)	(610)
Cash and cash equivalents as at the end of the year [D+E]	271	509

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Consolidated Statement of Cash flows for the year ended March 31, 2020

(INR in Millions)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Audited	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	11,603	10,117
Adjustments for		
Depreciation, amortisation and impairment expense	2,853	2,147
Derecognition of goodwill on account of sale of subsidiary	-	(136)
Employee share-based payment expense	124	197
Loss allowance on trade receivables and other financial assets (net)	(551)	1,361
Provision for doubtful other assets (net)	(16)	181
Exchange gain (net) on translation of assets and liabilities	49	20
Finance costs	2,120	2,372
Liabilities, provisions no longer required written back	(79)	(129)
Gain on disposal of property, plant and equipment (net)	(52)	(366)
Interest income	(62)	(64)
Share of net (profit)/loss in associate accounted for using equity method	33	18
Exceptional items, net (Refer Note 9)	(666)	(26)
Operating profit before changes in working capital	15,356	15,692
(Increase) / decrease in trade receivables	2,713	838
(Increase) / decrease in loans and other financial assets	444	(639)
(Increase) / decrease in other assets	(124)	1,612
(Increase) / decrease in inventories	68	(146)
Increase / (decrease) in trade payables	(2,010)	(602)
Increase / (decrease) in other financial liabilities	(541)	(567)
Increase / (decrease) in other liabilities	(2,341)	1,431
Increase / (decrease) in provisions	95	238
Cash generated from operations	13,660	17,857
Income taxes paid	(5,828)	(8,374)
Net cash generated from operating activities (A)	7,832	9,483
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(2,116)	(1,730)
Proceeds from sale of property, plant and equipment and assets held for sale	118	962
Proceeds from sale of investment in subsidiaries	-	319
Investment in associate	-	(270)
Interest received	62	64
Net cash inflow / (outflow) from investing activities (B)	(1,936)	(655)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds / (repayment) of commercial papers	(9,000)	(8,087)
Net proceeds / (repayment) of working capital loans	4,095	2,324
Principal paid on lease liabilities	(645)	-
Repayment of deferred sales tax liability	(38)	(27)
Interest paid on borrowings	(1,649)	(2,293)
Interest paid on lease liabilities	(162)	-
Net cash inflow / (outflow) from financing activities (C)	(7,399)	(8,083)
Net increase / (decrease) in cash and cash equivalents [D = A+B+C]	(1,503)	745
Cash and cash equivalents as at the beginning of the year (E)	2,164	1,419
Net increase / (decrease) in cash and cash equivalents	(1,503)	745
Cash and cash equivalents as at the end of the year [D+E]	661	2,164

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter and year ended March 31, 2020

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 (RCB) 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, assets and liabilities and cash flows 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 (Ceased to be subsidiary on January 16, 2019 - consolidated results included in respect of this company 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. 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.

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, cash flows 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 an inquiry into past improper transactions which was completed in April 2015 ('Initial Inquiry') and which identified references to certain additional parties and certain additional matters, the MD & CEO, pursuant to the direction of the Board of Directors, had carried out an additional inquiry into past improper transactions ('Additional Inquiry') which was completed in July 2016 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 regulatory approvals 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) Montrose International SA (viii) United Spirits (Shanghai) Trading Company Limited and (ix) Asian Opportunities and Investments Limited. Accordingly, assets and liabilities of such subsidiaries have been recognised as current at their fair values that approximate to their carrying values as at March 31, 2020. 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 7,519 million up to March 31, 2020. The Company has offset payable to UBHL under the trademark agreement amounting to INR 81 million and INR 327 million for the quarter and year ended March 31, 2020. Consequently, the corresponding provision for loan has been reversed to 'Loss allowance on trade receivables and other financial assets (net)'. The cumulative offset up to March 31, 2020 amounted to INR 1,684 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 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.

(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 has duly responded to.

(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 intermediates 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. Income tax related matters

(a) Impact on tax charge pursuant to Taxation Laws (Amendment) Act 2019

Pursuant to a notification of the Taxation Laws (Amendment) Act 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. Accordingly, the excess net deferred tax assets (including minimum alternate tax) of INR 501 million and INR 646 million has been reversed and included in the Standalone and Consolidated Statements of Financial Results for the financial year ended March 31, 2020 respectively.

(b) Disputed income tax matters relating to earlier years

Pursuant to The Direct Tax Vivad se Vishwas Act, 2020 (the 'Scheme') which was notified on March 17, 2020, the Company has an option to settle its income tax disputes under the Income Tax Act, 1961 by payment of arrears of the disputed tax amount according to the provisions of the Scheme. During the quarter and year ended March 31, 2020, the Company has evaluated all the disputed income tax litigations and has decided to avail the Scheme in respect of certain disputed matters for which a provision of INR 408 million for tax amount and a reversal of provision of INR 904 million for accrued interest has been recorded during the quarter and year ended March 31, 2020. Further, the Company has made a provision for tax and interest in respect of certain disputed legacy matters of earlier years of INR 2,114 million during the quarter and year ended March 31, 2020. Following a favourable order received from the Appellate Authorities in respect of an earlier disputed tax matter and based on risk assessment by management, the Company has reversed the provision in respect of disputed tax and interest aggregating to INR 1,539 million during the quarter and year ended March 31, 2020.

On account of the above matters, the Company has accounted INR 897 million pertaining to tax under the heading Income tax relating to earlier years and INR 131 million under the heading Current tax for the year and an amount of INR 949 million towards reversal of accrued interest under the heading exceptional items [Refer Note 9(d)] in the Standalone and Consolidated Statement of Financial Results for the quarter and year ended March 31, 2020.

(c) 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 reversed in PDL's unaudited standalone financial results and in the Company's unaudited consolidated

financial results during the quarter ended June 30, 2019 included in the Standalone and Consolidated Statements of Financial Results for the financial year ended March 31, 2020.

7. Sale of bulk scotch

Revenue from operations for the quarter and year ended March 31, 2020 includes INR 774 million and INR 2,483 million, respectively, and profit before tax for the quarter and year ended March 31, 2020 includes INR 162 million and INR 984 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 quarter ended September 30, 2019, the Company has sold certain bulk scotch, over which an overseas vendor had exercised lien in earlier periods. Consequently, revenue from operations and Profit before tax for the year ended March 31, 2020 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.

8. Re-measurement of defined benefit obligations

During the year ended March 31, 2020, the Company has recognized an impairment charge of INR 275 million, net of tax of INR 92 million in Other Comprehensive Income, arising from impairment in the fair value of certain investments held by the Company administered Provident Fund Trust.

9. Exceptional items:

Sl.	Particulars	(Amount in INR million)	
		Quarter and year ended March 31, 2020	
		Standalone	Consolidated
(a)	Impairment in the value of investment in subsidiary	(458)	-
(b)	Loss allowance on loans and interest due from subsidiaries	(553)	-
(c)	Reversal of loss allowance on loans due from subsidiaries	75	-
(d)	Reversal of accrued interest expense relating to income tax cases of earlier years [Refer Note 6(b)]	949	949
(e)	Impairment of Goodwill	-	(283)
Total exceptional items, net		13	666

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 712,138 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 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. Disclosures required as 'large corporate' under SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018:

Details relating to identification as a 'Large Corporate':

Sl. no.	Particulars	Details
1	Name of the Company	United Spirits Limited
2	CIN	L01551KA1999PLC024991
3	Outstanding borrowing of company as on March 31, 2020 #	INR 7,500 million (*)
4	Highest credit rating during the previous financial year along with name of the Credit Rating Agency	AA+ (Long-term) by ICRA and CRISIL
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	National Stock Exchange of India Limited

(*) The outstanding principal amount disclosed in Sl. 3 above represents the long-term borrowings as at March 31, 2020 as required to be disclosed under paragraphs 2.2.ii and 3.1 of the aforementioned circular, and does not include outstanding non-current Lease liabilities of INR 1,203 million as at March 31, 2020.

Repayable in December 2020

Details of incremental borrowings done during the financial year ended March 31, 2020:

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

12. Impact of Covid-19

In view of the nationwide lockdown due to the outbreak of COVID-19 pandemic, the Group's operations at all of its manufacturing, warehousing and office locations were temporarily stopped from March 25, 2020. Operations have since resumed in a staggered manner beginning May 2020 with adequate precautions being taken in accordance with Government guidelines, and a majority of the Group's manufacturing locations are operational as at the date of approval of financial results. Management is taking appropriate action, as necessary, to scale up manufacturing operations in due compliance with the applicable laws. As at the date of approval of financial results, sales have also resumed in a staggered manner across the country, with sale of beverage alcohol being permitted in most states.

With respect to the Company's subsidiary, Royal Challengers Sports Private Limited, BCCI had initially announced the start of IPL Season 13 from March 29, 2020. Due to the ongoing pandemic and announcement of lockdown by the Government of India, BCCI suspended IPL Season 13 until further notice. BCCI has also announced that it will continue to monitor and review the situation regarding a

potential start date in close partnership with all of its stakeholders and will continue to take guidance from the Government of India, State Governments and other State Regulatory bodies.

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. Other than the impairment recorded on loans to/ investment in certain subsidiaries, no material impact on the carrying amounts of current and non-current assets (including financial assets) is expected. The Group has 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 has also reviewed its contracts/ arrangements and does not expect any material impact on account of non-fulfilment of the obligations by any party.

Management has considered various internal and external information available up to the date of approval of financial results in assessing the impact of COVID-19 pandemic in the standalone and consolidated financial results for the quarter and year ended March 31, 2020 and will continue to monitor changes in future economic conditions. The eventual outcome of the impact of COVID-19 may be different from that estimated as on the date of approval of these financial results.

13. Figures for the quarters ended March 31, 2020 and March 31, 2019, are the balancing figures between audited figures in respect of the respective full financial years and the published year-to-date figures up to the third quarter of the respective financial years, as adjusted for certain regroupings/ reclassifications.
14. The comparative figures for the previous periods presented have been regrouped/ reclassified where necessary, to conform with the current period's presentation for the purpose of comparability.
15. The Statement of Standalone and Consolidated Financial Results for the quarter and year ended March 31, 2020, have been reviewed by the Audit and Risk Management Committee of the Company and approved by the Board of Directors of the Company at their meetings held on May 27, 2020.
16. The comparative figures for the quarter ended March 31, 2019, included in the Consolidated Statement 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 May 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 the Listing Regulations.

By authority of the Board

PRADIP M
KANAKIA

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M KANAKIA
Date: 2020.05.27 16:59:34
+05'30'

Place: Mumbai
Date: May 27, 2020

ANAND THIRUMALACHAR
KRIPALU

Digitally signed by ANAND
THIRUMALACHAR KRIPALU
Date: 2020.05.27 16:24:27 +05'30'

Anand Kripalu
Managing Director and Chief Executive Officer

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Audit of Consolidated Financial Results

Opinion

1. We have audited the consolidated annual financial results of United Spirits Limited (the "Holding Company") its subsidiaries and a trust controlled by it, (together referred to as "the Group"), and its associate company (Refer note 2 to the Consolidated Statement) for the year ended March 31, 2020, the consolidated statement of assets and liabilities and the consolidated statement of cash flows as at and for the year ended on that date together with notes thereon, attached herewith (hereinafter referred to as the "Consolidated Statement"), 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. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements of the overseas subsidiaries and a trust controlled by the Holding Company, the aforesaid Consolidated Statement:
 - a) includes the annual financial results of the following entities;

Indian subsidiaries:

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

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 Holding Company:

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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-4352) 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

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To the Board of Directors of United Spirits Limited
Report on the Consolidated Financial Results
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- 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 associate company:

- Hip Bar Private Limited

b) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

c) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Group and its associate company for the year ended March 31, 2020 and the consolidated statement of assets and liabilities and the consolidated statement of cash flows as at and for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

4. We draw your attention to the following matters:

a) We draw attention to Note 12 to the Consolidated Statement which explains the management's assessment of the financial impact due to the lockdown and other restrictions related to the COVID-19 pandemic situation and that the eventual outcome in the subsequent period may be different than that estimated due to the uncertainties involved. Further, our attendance at the physical inventory verification done by the Management for Pioneer Distilleries Limited ('PDL'), a subsidiary of the Holding Company, was impracticable under the current lock-down restrictions imposed by the Government and we have therefore, relied on the related alternative audit procedures to obtain comfort over the existence and condition of inventory of PDL at year end. Additionally, with respect to Royal Challengers Sports Private Limited, another subsidiary of the Holding Company, the aforesaid note also explains the uncertainties around the happening of the Indian Premier League (IPL) 2020 due to the lock-down and other restrictions.

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Consolidated Financial Results

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- b) As explained in Note 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 Holding Company, if any, arising from potential non-compliances with applicable laws in respect of the above.
- c) 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 Holding Company, if any, arising out of potential historical non-compliances with applicable laws, if established.
- d) As explained in Note 5(b)(ii) to the Consolidated Statement and as included in the reports of other auditors, consequent to the 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 March 31, 2020.
- e) 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 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.
- f) Note 5(e) to the Consolidated 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 the Holding Company's authorised dealer banks ('AD') to which the Holding Company has responded to.
- g) 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 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"). 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

Price Waterhouse & Co Chartered Accountants LLP

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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.

- h) 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.

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

Board of Directors' Responsibilities for the Consolidated Statement

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

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of United Spirits Limited
Report on the Consolidated Financial Results
Page 5 of 7

7. The respective Board of Directors of the companies and the trustees of the Trust included in the Group and its associate company are responsible for overseeing the financial reporting process of the Group and its associate company.

Auditor's Responsibilities for the Audit of the Consolidated Statement

8. Our objectives are to obtain reasonable assurance about whether the Consolidated Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Consolidated Statement.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - a) Identify and assess the risks of material misstatement of the Consolidated Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls. (Refer paragraph 18 below).
 - c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - d) Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate company to cease to continue as a going concern.
 - e) Evaluate the overall presentation, structure and content of the Consolidated Statement, including the disclosures, and whether the Consolidated Statement represents the underlying transactions and events in a manner that achieves fair presentation.
 - f) Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group and financial information of its associate Company to express an opinion on the Consolidate Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Statement of which we are the independent auditors. For the other entities included in the Consolidated Statement, which have been audited by

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of United Spirits Limited
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other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

10. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
11. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

12. We did not audit the financial statements of one trust controlled by the Holding Company and incorporated in India, whose financial statements reflect total assets of INR 41 million and net assets of INR 41 million as at March 31, 2020, total revenue of Nil, total comprehensive income (comprising of loss and other comprehensive income) of INR (0)* million and cash flows (net) of INR (0)* million for the year ended March 31, 2020, as considered in the Consolidated Statement. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the Consolidated Statement, in so far as it relates to the amounts and disclosures included in respect of the aforesaid trust, is based solely on the report of the other auditor.

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

13. We did not audit the financial statements of 13 subsidiaries located outside India, included in the Consolidated Statement, whose financial statements constitute total assets of INR 399 million and net assets of INR 142 million as at March 31, 2020, total revenues of Nil, total comprehensive income (comprising of profit and other comprehensive income) of INR 51 million and cash flows (net) of INR 7 million for the year ended March 31, 2020, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments as necessary made by the Holding Company's management. Our opinion on the Consolidated Statement insofar as it relates to the balances and affairs of such subsidiaries located outside India, including other information, is based on the reports of other auditors and the conversion adjustments prepared by the Management of the Holding Company as necessary and audited by us.
14. The Consolidated Statement includes the Group's share of total comprehensive income of INR (33) million (comprising of loss and other comprehensive income) for the year ended March 31, 2020 in respect of one associate company whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management of the Holding Company, and our opinion on the Consolidated Statement, insofar as it relates to the amounts and disclosures included in respect of the aforesaid associate, is based solely on such unaudited financial information. In our opinion and according to

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of United Spirits Limited
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the information and explanations given to us by the Holding Company's Management, these financial statements are not material to the Group.

15. Our opinion on the Consolidated Statement is not modified in respect of the above matters specified in paragraphs 12 and 13 with respect to our reliance on the work done and the reports of the other auditors and as specified in paragraph 14 with respect to the financial information certified by the Management.
16. The Consolidated Statement includes the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which were subject to limited review by us.
17. We were neither engaged to review, nor have we reviewed the comparative figures for the quarter ended March 31, 2019 and accordingly, we do not express any conclusion on the same. As set out in Note 16 to the Consolidated Statement, these figures have been furnished by the Management.
18. The Consolidated Statement dealt with by this report have been prepared for the express purpose of filing with BSE Limited and National Stock Exchange Limited. These results are based on and should be read with the audited consolidated financial statements of the group and its associate company for the year ended March 31, 2020 on which we have issued an unmodified audit opinion vide our report dated May 27, 2020.

Our opinion is not modified in respect of the matters specified under paragraphs 16, 17 and 18 above.

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

PRADIP M KANAKIA Digitally signed by PRADIP M KANAKIA
Date: 2020.05.27 17:38:35 +05'30'

Pradip Kanakia
Partner
Membership Number: 039985
UDIN: 20039985AAAACG1160

Place: Bengaluru
Date: May 27, 2020

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of United Spirits Limited

Report on the Audit of Standalone Financial Results

Opinion

1. We have audited the standalone annual financial results of United Spirits Limited (the "Company") for the year ended March 31, 2020, the standalone statement of assets and liabilities and the standalone statement of cash flows as at and for the year ended on that date together with notes thereon, attached herewith (hereinafter referred to as the "Standalone Statement"), being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Statement:
 - a) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
 - b) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India, of the net profit, other comprehensive income, other financial information for the year ended March 31, 2020, the standalone statement of assets and liabilities and the standalone statement of cash flows as at and for the year ended on that date.

Basis for opinion

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

Emphasis of matter

4. We draw your attention to the following matters:
 - a) We draw attention to Note 12 to the Standalone Statement which explains the management's assessment of the financial impact due to the lockdown and other restrictions related to the COVID-19 pandemic situation and that the eventual outcome in the subsequent period may be different than that estimated due to the uncertainties involved.

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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLP

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- b) 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.
- c) 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.
- d) 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 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.
- e) 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 responded to.
- f) 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.
- g) 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.

Price Waterhouse & Co Chartered Accountants LLP

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

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

Board of Directors' Responsibilities for the Standalone Statement

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

Auditor's Responsibilities for the Audit of the Standalone Statement

8. Our objectives are to obtain reasonable assurance about whether the Standalone Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Standalone Statement.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - a) Identify and assess the risks of material misstatement of the Standalone Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference

Price Waterhouse & Co Chartered Accountants LLP

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

to financial statements in place and the operating effectiveness of such controls. (Refer paragraph 12 below)

- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - d) Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - e) Evaluate the overall presentation, structure and content of the Standalone Statement, including the disclosures, and whether the Standalone Statement represents the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

- 11. The Standalone Statement includes the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year, which were subject to limited review by us.
- 12. The Standalone Statement dealt with by this report has been prepared for the express purpose of filing with BSE Limited and National Stock Exchange Limited. The Standalone Statement is based on and should be read with the audited standalone financial statements of the Company for the year ended March 31, 2020 on which we issued an unmodified audit opinion vide our report dated May 27, 2020.

Our opinion is not modified in respect of these matters.

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

PRADIP M KANAKIA Digitally signed by PRADIP M KANAKIA
Date: 2020.05.27 17:36:31 +05'30'

Pradip Kanakia
Partner
Membership Number: 039985
UDIN: 20039985AAAACE8057

Place: Bengaluru
Date: May 27, 2020

UNITED SPIRITS LIMITED

PRESS RELEASE

Audited financial results for the quarter and financial year ended 31 March 2020
(Standalone only)



EBITDA margin expanded despite a multitude of headwinds during the year
Full year performance highlights:

- Reported Net sales grew 1.2%, primarily due to a broad-based consumption slowdown during the year and further impacted by COVID-19 led disruption in March. Underlying net sales, excluding the one-off sale of bulk Scotch, declined 1.5%.
- Prestige & Above segment net sales was flat with 1.9ppts positive price/mix.
- Popular segment net sales declined 4.1% overall but declined 1.5% in priority states.
- Reported Gross margin was 44.8%, down 408bps, impacted by significant COGS inflation versus last year. Underlying Gross margin, excluding the one-off sale of bulk Scotch was 44.8%, down 404bps.
- Reported EBITDA was Rs. 1,506 Crores, up 17%; reported EBITDA margin was 16.6%, up 223bps, despite a substantial gross margin compression as that was more than offset through significant savings in operating costs and to a lesser extent through lower marketing investment. After adjusting for the one-off impact of bulk Scotch sale and restructuring costs, underlying EBITDA was up 4.6% and underlying EBITDA margin was 15.9%, up 92bps.
- Interest cost was Rs.191 Crores, 13.3% lower than last year.
- Profit after tax was Rs.705 Crores, up 7%, despite a one-time tax charge and exceptional items in the current year.

Fourth quarter performance highlights:

- Reported net sales declined 11.4%; primarily due to COVID-19 led disruption in India in March, which exacerbated the impact of the ongoing consumption slowdown. Underlying net sales, excluding the one-off sale of bulk Scotch, declined 14.8%.
- Prestige & Above segment net sales declined 15.6%, disproportionately impacted by drying up of social occasions and closure of on-premise channel in several states even before the national lockdown went into effect.
- Popular segment net sales declined 11.4% overall but declined 5.4% in priority states.
- Reported Gross margin was 42.2%, down 433bps, primarily due to COGS inflation as well as the dilutive impact of the last tranche of bulk Scotch sale. Underlying gross margin excluding the one-off sale of bulk Scotch was 42.9%, down 364bps.
- Reported EBITDA was Rs. 271 Crores, down 4.3% driven by lower sales, partly offset through savings in operating costs and lower marketing investment. Reported EBITDA margin was 13.6%, up 101bps. After adjusting for the one-off impact of bulk Scotch sale and restructuring costs, underlying EBITDA declined 16.2% and underlying EBITDA margin was 13.2%, down 21bps.
- Interest cost was Rs 48 Crores, down 20.7%.
- Profit after tax was Rs. 24 Crores, down 81%, primarily due to exceptional items and a one-time tax charge.

Anand Kripalu, CEO, commenting on the quarter and full year ended 31 March 2020 said:

"The business was severely impacted in the fourth quarter due to disruption caused by the outbreak of coronavirus in India. Net sales declined 11%, led by a larger decline in the Prestige and Above segment, further impacting full year growth, which was already subdued due to the ongoing consumption slowdown during the fiscal.

We saw a sharp deceleration in our Prestige and Above portfolio from the previous quarter, as the segment was disproportionately impacted by the closure of on-premise channel in several states much before the nationwide lockdown went into effect. Within the segment, our Bottled in Origin (BIO) Scotch portfolio was the hardest hit. Although the roll-out of the renovated McDowell's No. 1 Whisky brand was interrupted, we are encouraged by the initial consumer response in places where it was completed.

During this fiscal, we experienced substantial inflation in our key raw material costs. While this resulted in significant compression in gross margin, we still delivered an underlying* EBITDA margin of 15.9%, up 92bps, reflecting our agility and dynamic approach towards managing various lines of the P&L.

Overall, despite an unfavourable environment, impacting both the demand and the cost of raw materials, PAT for the year was up 7%.

Overall, in this fiscal, we faced several external challenges, including the general election, broad based economic slowdown and the outbreak of coronavirus. While the outlook for next year remains uncertain, I am confident in the resilience of our category and our agility and ability to adapt in this difficult environment. We will continue to execute with discipline and invest prudently to meet evolving consumer needs."

**After adjusting for one-off bulk Scotch sale and restructuring costs.*

KEY FINANCIAL INFORMATION

For the year ended 31 March 2020

Summary financial information

		F20 FY	F19 FY	Movement %
Volume	<i>EUm</i>	79.7	81.6	(2)
Net sales	<i>Rs. Crores</i>	9,091 ¹	8,981	1
COGS	<i>Rs. Crores</i>	(5,022)	(4,595)	9
Gross profit	<i>Rs. Crores</i>	4,069 ²	4,386	(7)
Staff cost	<i>Rs. Crores</i>	(514) ^{3A}	(675) ^{3A}	(24)
Marketing spend	<i>Rs. Crores</i>	(715)	(859)	(17)
Other Overheads	<i>Rs. Crores</i>	(1,333)	(1,564)	(15)
EBITDA	<i>Rs. Crores</i>	1,506	1,287	17
Other Income	<i>Rs. Crores</i>	46	95	(52)
Depreciation	<i>Rs. Crores</i>	(228)	(145)	57
EBIT	<i>Rs. Crores</i>	1,324	1,238	7
Interest	<i>Rs. Crores</i>	(191)	(220)	(13)
PBT before exceptional items	<i>Rs. Crores</i>	1,133	1,018	11
Exceptional items	<i>Rs. Crores</i>	1	(27)	(105)
PBT	<i>Rs. Crores</i>	1,135	991	14
Tax	<i>Rs. Crores</i>	(430) ⁴	(333)	29
PAT	<i>Rs. Crores</i>	705	659	7

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

		F20 FY	F19 FY	Movement bps
Gross profit	%	44.8	48.8	(408)
Staff cost	%	5.7 ^{3B}	7.5 ^{3B}	186
Marketing spend	%	7.9 ⁵	9.6	169
Other Overheads	%	14.7	17.4	275
EBITDA	%	16.6 ⁶	14.3 ⁶	223
PAT	%	7.8	7.3	42
Basic earnings per share	<i>rupees</i>	9.7	9.1	0.63 rupees

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

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

² Includes a one-time Gross Profit from bulk Scotch sale of Rs. 106 Crores;

^{3A} Includes restructuring costs of Rs. 2 Crores in F20 and Rs. 53 Crores in F19; ^{3B} Underlying Staff costs as % of net sales was 5.8% in F20 and 6.9% in F19.

⁴ Includes a one-time net tax charge of Rs. 103 Crores in Q4F20.

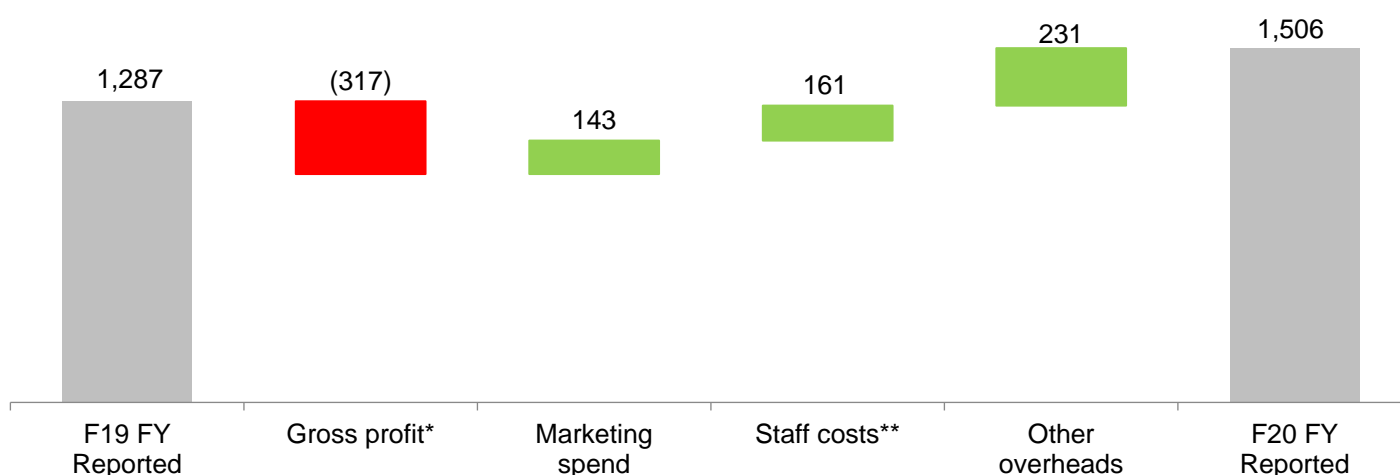
⁵ After adjusting for one-time bulk Scotch sale, Marketing reinvestment rate was 8.1%.

⁶ Underlying EBITDA margin, net of one-off bulk Scotch sale in F20 was 15.9%, and net of one-off restructuring costs in F19 was 14.9%.

Net sales (Rs. Crores)


Reported net sales grew 1.2% in the full year, impacted by general elections in the first quarter and thereafter by broad based consumption slowdown culminating in COVID-19 led disruption in March. Excluding the one-off benefit from sale of bulk Scotch, underlying net sales declined 1.5%. Net Sales of Prestige & Above segment remained almost flat year on year while net sales of Popular segment declined 4%.

During the year, overall volume declined 2.1%; within that the Prestige & Above segment volume declined 1.5% and Popular segment volume declined 2.8%. Underlying price/mix during the year was 0.6%, primarily driven by part-absorption of Excise Duty hike in Maharashtra, and disproportionate impact of COVID-19 on the Prestige & Above segment in the fourth quarter.

EBITDA (Rs. Crores)


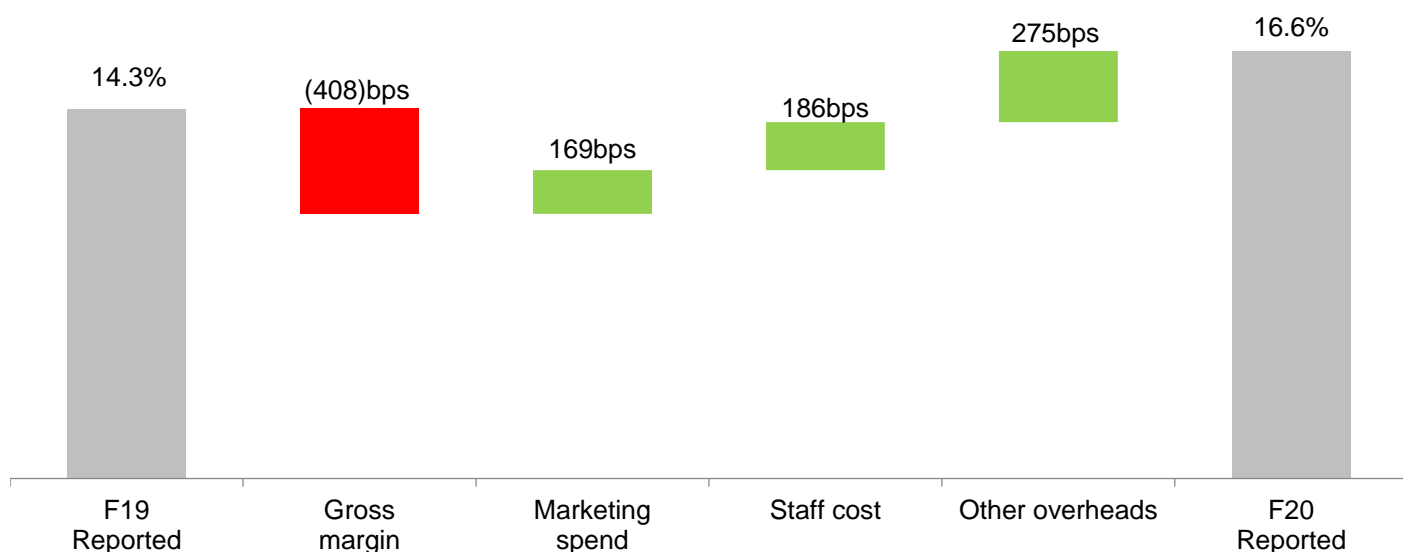
Reported EBITDA for the year was Rs. 1,506 Crores, up 17%. Excluding the one-off bulk Scotch sale in F20 and one-off restructuring costs in F19, underlying EBITDA increased 4.6%. This was despite a Gross profit decline of Rs. 317 Crores driven by significant COGS inflation and to a lesser extent by loss of business due to COVID-19 led disruption in March.

Aggressive cost management efforts, both in staff costs and other overheads, resulted in savings that more than offset the gross profit decline. Additionally, lower marketing investment also contributed towards higher EBITDA; even as the reinvestment rate was within the guided range for the full year.

* For F20 Gross profit includes Rs. 106 crores resulting from one-time bulk Scotch sale.

** Staff costs include a restructuring cost of Rs. 53 crores in F19 and Rs. 2 crores in F20. Adjusted for these, underlying saving in staff cost was Rs. 110 crores.

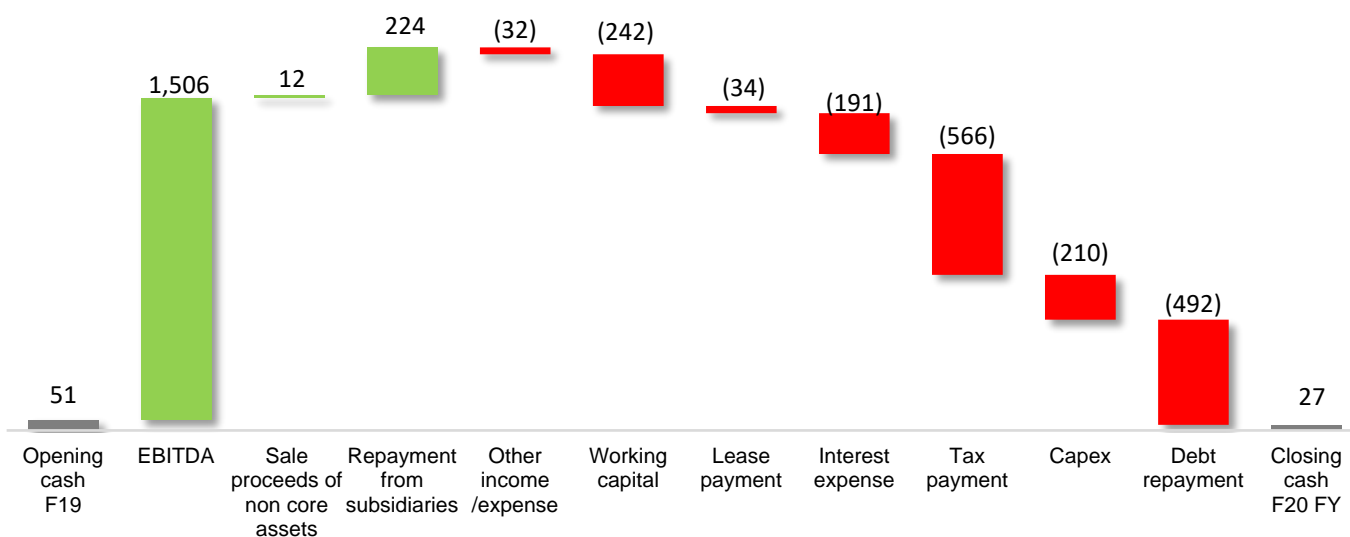
EBITDA margin (% , bps)



Reported EBITDA margin for the year was 16.6%, up 223bps. Underlying EBITDA margin, excluding the one-off benefit from bulk Scotch sale was 15.9%; up 92bps versus underlying EBITDA margin of 14.9% last year, net of restructuring costs.

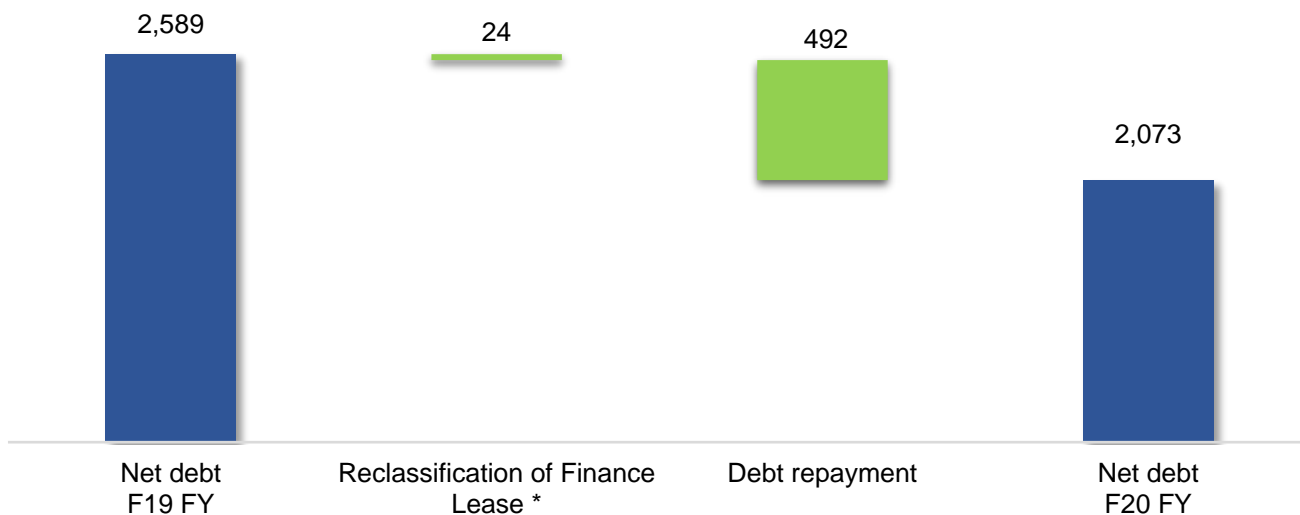
Reported gross margin contracted by 408bps primarily impacted by significant COGS inflation. Persistent efforts towards cost saving and driving operating efficiencies resulted in savings in staff costs, which contributed 186bps to EBITDA margin improvement and other overheads, which contributed an additional 275bps. Finally, lower marketing reinvestment rate contributed another 169bps, even though the reinvestment rate for the year was 8.1%, net of bulk Scotch sale, in line with our earlier guidance.

Movement in cash (Rs. Crores)



Cash closed at Rs. 27 Crores. The largest contributor to cashflows was profit from operations. There was an increase in working capital of Rs. 242 Crores primarily driven by COVID-19 led disruption in March. Capex during the year was Rs. 210 Crores, and it was focused on enhancing IT infrastructure and on asset care projects. Cash was also utilised towards debt repayment of Rs 492 Crores.

Movement in debt (Rs. Crores)



Closing net debt was Rs. 2,073 Crores, a reduction of 20% versus last year. The company repaid debt amounting to Rs. 492 crores, comprising a reduction in Commercial Papers of Rs. 900 Crores and an increase in bank loans of Rs 408 Crores.

This reduction in debt together with lower interest rate helped in reducing interest costs by Rs. 29 Crores during the year, despite the adverse impact of IndAS 116.

* As per IndAS 116

SEGMENT AND BRAND REVIEW

For the quarter and financial year ended 31 March 2020

Key segments:

For the Year ended 31 March 2020

	Volume				Net Sales			
	F20 FY Reported EUM	F19 FY Reported EUM	Reported movement %	Underlying movement %	F20 FY Reported Rs. Cr.	F19 FY Reported Rs. Cr.	Reported movement %	Underlying movement %
P&A	40.9	41.6	(1.5)	(1.5)	5,931	5,910	0.4	0.4
Popular	38.8	40.0	(3.0)	(2.8)	2,760	2,881	(4.2)	(4.1) ¹
Other	-	-	-	-	400 ²	190	111	(20)
TOTAL	79.7	81.6	(2.3)	(2.1)	9,091	8,981	1.2	(1.5)

¹ Underlying movement adjusts for the impact of operating model changes in the Popular segment

² Includes one-time bulk Scotch sale of Rs. 248 cr.

For the Quarter ended 31 March 2020

	Volume				Net Sales			
	F20 Q4 Reported EUM	F19 Q4 Reported EUM	Reported movement %	Underlying* movement %	F20 Q4 Reported Rs. Cr.	F19 Q4 Reported Rs. Cr.	Reported movement %	Underlying* movement %
P&A	8.4	10.5	(19.6)	(19.6)	1,218	1,443	(15.6)	(15.6)
Popular	9.9	10.6	(7.5)	(7.5)	678	765	(11.4)	(11.4)
Other	-	-	-	-	98 ³	42	136.4	(50.0)
TOTAL	18.3	21.1	(13.5)	(13.5)	1,994	2,250	(11.4)	(14.8)

³ Includes one-time bulk Scotch sale of Rs. 77 cr.

- The **Prestige & Above segment** accounted for 65% of net sales during the year, down 1ppt 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 versus last year.

During the fourth quarter, Prestige & Above segment was disproportionately impacted by the drying up of social occasions and closure of on-premise channel in several states even before the nationwide lockdown went into effect. This also impacted the premiumisation trend, within the segment as well as across segments.

Within Scotch, our Bottled in Origin (BIO) portfolio was significantly more impacted than the Bottle in India (BII) brands.

- The **Popular segment** accounted for 30% of net sales during the year, down 2ppts 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 31% of net sales, down 1 ppts versus last year.

During the quarter, Popular segment net sales declined less than the Prestige & Above segment.

Cautionary statement concerning forward-looking statements

This document may contain '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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FY20 Results Presentation Webcast

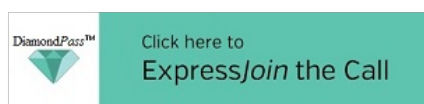
The Company will host its F20 FY results presentation & annual investor meeting by way of a **webcast** on **Monday, 1st June 2020** at **11:00 am (IST time)**. The event will begin at 11:00 am IST with a presentation by Mr. Anand Kripalu, Managing Director and Chief Executive Officer and Mr. Sanjeev Churiwala, Executive Director and Chief Financial Officer. The presentation will be followed by a live Q&A session and the event will finish no later than 12:30 pm IST

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

Conference Access Information

Option 1

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



Or Copy this URL in your browser:

<https://links.ccwebcast.com/?EventId=UnitedS20200601>

Option 2

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

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