INSPIRED BY *Purpose.*
UNITED BY *Values.*

DIAGEO
India

United Spirits Limited
Annual Report
2023-24

Contents

ESTD. 1898
McDowell's
INDIAN SINGLE MALT WHISKY
RISEN FROM THE MIST
DISTILLER'S BATCH
INDIAN SINGLE MALT WHISKY
NON-CHILL FILTERED
TRIPLE CASK MATURED
LIMITED RELEASE
THE MISTS OF THE SAHYADRI
DISCOVER NEW HEIGHTS OF TASTE

About Us

United Spirits Limited is one of the leading beverage alcohol companies in India and a subsidiary of global leader Diageo plc. Headquartered in Bengaluru, we manufacture, sell and distribute an outstanding collection of iconic global and premium Indian brands. We bring together our global expertise and local innovation to deliver world-class products and experiences to consumers.

Sustainability is at the heart of our business strategy and is outlined in our Society 2030: Spirit of Progress action plan. Our Society 2030 agenda is focussed on pioneering grain-to-glass sustainability, championing inclusion and diversity, and promoting responsible consumption.

GODAWAN 100 IS CROWNED 'SINGLE MALT WHISKY OF THE YEAR'

Overview

28+
Brands

36
Manufacturing Facilities

2,598**
People

Financial performance

Reported Standalone Financials

₹ 25,389 crore
Revenue from Operations

₹ 1,312 crore
Profit After Tax

16%
EBITDA Margin

₹ 18.04
Earnings Per Share

Non-financial performance

89%
Employee Engagement Score ('Your Voice' – Internal Engagement Survey)

48%*^
Improvement in Water-Use Efficiency in Distilleries

87%*^
Reduction in Greenhouse Gas Emissions from our operations

Over **6 lakh**
People Educated through our Responsible Drinking Programmes

Credit Rating: Crisil AAA/Stable (Reaffirmed)

**against base year FY20.*
***permanent employees and workers.*
^ covering Diageo India own operating units.

Board of Directors

Mahendra Kumar Sharma
Chairperson & Independent Director

Hina Nagarajan
Managing Director and Chief Executive Officer

V. K. Viswanathan
Independent Director

D. Sivanandhan
Independent Director

Rajeev Gupta
Independent Director

Dr. Indu Shahani
Independent Director

Dr. Indu Bhushan
Independent Director

Mukesh Hari Butani
Independent Director

Pradeep Jain
Executive Director and Chief Financial Officer

Mark Sandys
Non-Executive Director

Emily Kathryn (Kate) Gibson
Non-Executive Director

Mamta Sundara
Non-Executive Director

Notes:

- John Thomas Kennedy resigned as Non-Executive Director with effect from end of day 30th June 2023.
- New appointments effective:
  - 7th September 2023: Emily Kathryn (Kate) Gibson as Non-Executive Director.
  - 1st March 2024: Dr. Indu Bhushan and Mukesh Hari Butani as Independent Directors of the Company.

Committee Membership

- Audit Committee
- Risk Management Committee
- Stakeholders' Relationship and General Committee
- Corporate Social Responsibility & Environmental, Social and Governance Committee
- Nomination and Remuneration Committee

Chairperson's Message

Dear Shareholders,

As I reflect on the past year, I'm pleased with the progress made by your Company in executing its growth strategy with a strong focus on delivering value-added offerings, driving commercial excellence, empowering its people and supporting the communities while ensuring doing business the right way in accordance with Diageo's Values and Code of Business Conduct. These efforts underpin our conviction in delivering sustainable long-term value for all stakeholders.

The operating landscape presented several challenges, characterised by inflationary pressures on consumers and subdued demand as the year progressed. Against this backdrop, your Company has delivered a resilient performance, reaffirming the effectiveness and success of its strategy. The steadfast focus on continuous improvement and productivity enhancements further contributed to its achievements.

DELIVERING VALUE

Your Company continued to build on the strong foundation to deliver sustained double-digit growth by focussing on reshaping its portfolio, building an organisation for the future and accelerating the ESG agenda.

Placing the consumers at the forefront, your Company continued to introduce innovations and renovations into the market. McDowell's & Co Distiller's Batch Indian Single Malt is a tribute to the rich legacy of one of India's most loved brands. Our Company's Make in India offering, Godawan, has received numerous international awards, a testament to its commitment to creating world-class spirits that embody luxury and craftsmanship. Your Company introduced its global offering Don Julio in India and acquired a minority stake in Inspired Hospitality Private Limited (owners of Brand Pistola), a premium agave brand in line with its strategy.

During the year, your Company sustained its efforts to build an organisation of the future by investing in its talent, accelerating its digital journey, and deriving greater efficiency and effectiveness from its investments. Your Company introduced various industry leading initiatives to support growth and development, and further drive inclusion and diversity across all levels.

Your Company has made good progress in its Society 2030 goals. Initiatives like the removal of mono cartons, increasing the use of recycled content in packaging, launching a micro-enterprise initiative to support women farmers in Nashik and training 100 Persons with Disability for roles in the hospitality sector underscore our commitment to sustainability and championing inclusion and diversity.

During the year, your Company returned to dividend distribution after nearly a decade enabled by the successful turnaround of the Company to sustained earnings growth and profitability. I'm happy to share that the Board of Directors approved an interim dividend of ₹4 per share. Further, the Board recommended a final dividend of ₹5 per share subject to Shareholders' approval for the financial year 2023-24. We would like to extend our gratitude to our steadfast investors for their continued support.

LOOKING AHEAD

At Diageo India, we are proud of everything we do, from the progressive brands we build to the culture we foster, to being responsive to consumer, community and societal needs. Your Company continues to remain deeply committed to building a stronger and future-focussed organisation.

Going forward, your Company's priority remains to sustain its growth momentum by increasing investment in its brands, capitalising on evolving market trends, exploring new engines of growth and unlocking efficiency across the value chain. Despite facing short-term challenges like inflationary pressures and subdued demand, we are optimistic about the mid-to-long-term growth prospects, driven by favourable macros like India's robust economic growth, rise in premiumisation and increasing aspiration for new celebratory and socialising experiences.

In closing, I want to express my sincere appreciation to my fellow board members for their invaluable guidance. I would also like to extend my gratitude to our shareholders for their continued confidence in our Company. With your support, Diageo India is well-positioned to continue its growth journey.

Warm Regards,

Mahendra Kumar Sharma
Chairperson

Managing Director & CEO's Message

Dear Shareholders,

It is a pleasure to share the key highlights of our performance for the financial year 2023-24. Before delving into the progress, let me share a few insights. India is in the middle of a deep societal change led by rising affluence, women, youth and boom towns. This decade is India's Amrit Kaal led by Viksit Bharat 2047, Yuva Shakti and Nari Shakti which together will quantum leap our country's developmental efforts.

At Diageo, we are responding to the structural shifts in consumer choices and behaviour, pivoted around premiumisation, wellbeing and sustainability. This new, changing, and vibrant India presents a huge opportunity for us and India stands as one of the fastest-growing markets for alcoholic beverages worldwide.

FINANCIAL PERFORMANCE

Our growth has been robust and we have navigated the external headwinds strategically. Your Company delivered a resilient performance against a challenging external environment marked by inflationary pressures and relatively muted sequential demand. Our consolidated net sales was ₹11,321 crore, registered a growth of 14.2% on a rebased basis while our standalone net sales at ₹10,692 crore, increased by 10.5% on a rebased basis.

Within the above, the Prestige & Above (P&A) segment grew by 11.9% and contributed to 87.4% of net sales. This was largely driven by continued premiumisation and choiceful consumption with increased brand loyalty.

Our standalone profit after tax was at ₹1,312 crore, achieving a net profit margin of 12.3%.

Our continued focus on the future-back, consumer-led approach has enabled us to sustain strong double digit CAGR in Prestige and Above segment and our brands are performing competitively in their respective segments for three years in a row. We have nearly doubled the market capitalisation of the Company from FY21 levels. During the year, the Board of Directors approved an interim dividend of ₹4 per share that was paid to the Shareholders in December 2023. The Board has also recommended a final dividend of ₹5 per share subject to Shareholders' approval for the financial year 2023-24. These milestones demonstrate that we are on a sustained growth path and give us confidence in our strategy.

Let me give you a brief update on the progress we have made this year.

RESHAPING OUR PORTFOLIO

We continue to invest in our brands, focus on P&A segment growth, enhance consumer engagement and build long-term brand equity. Your Company's advantaged portfolio blends both volume and value scale. We have three ₹1,000 crore, three ₹500 crore and seven 'one-million+ case' trademarks in our portfolio.

Aligned with our commitment to bringing the best from around the world to aspiring Indian consumers, we launched our global Tequila brand Don Julio in India. We continued to make significant strides with our bespoke Make in India for the World offerings. Godawan, our artisanal single malt whisky, and Godawan 100, a collector's edition Single Malt, have won over 45 awards, making it the most awarded Indian Single Malt in recent times. This includes Godawan 100 winning the prestigious title of Single Malt Whisky of the Year at the 2024 London Spirits Competition, a testament to our commitment to crafting sustainable Indian Luxury for consumers around the globe.

Our latest innovation, McDowell's & Co Distiller's Batch Indian Single Malt, recognises the rapidly growing consumer appetite for Indian spirits, hyperlocal ingredients, and Indian craftsmanship. With a rich legacy of 125 years, the brand also aims to reinvent drinking experiences by launching a range of exquisite products under McDowell's X Series.

In our Upper Prestige portfolio, our whisky brand Antiquity underwent a comprehensive transformation, resonating with contemporary consumers' desire for unique experiences. Meanwhile, Royal Challenge American Pride stands as our fastest-growing innovation, now available in key markets across the country.

We have acquired a minority stake in Inspired Hospitality Private Limited (Pistola), one of the emerging premium agave craft brands in India. This is aimed at strengthening our portfolio play and is in line with our strategy to explore new growth engines.

BUILDING AN ORGANISATION OF THE FUTURE

We have significantly ramped up our capabilities in areas of distillation, maturation, innovation and consumer insights. Our marketing investment strategy is focussed on building brands with a connected omnichannel consumer journey. We are achieving this by leveraging data and insights for personalised digital and physical experiences, thereby driving creativity with precision. We are also leveraging digital technologies across functions to derive more productivity and efficiency from our investments. Further, the multiyear supply chain agility programme, aimed at strengthening our end-to-end manufacturing footprint and building a future-ready organisation, is also on track.

What sets our organisation apart is our people, purpose and culture. We launched our Employee Value Proposition campaign 'Celebrating You', underscoring our commitment to nurturing and growing talent. During the year, we launched two Employee Resource Groups, the Spirited Women's Network to empower female employees; and Rainbow Network to raise awareness about LGBT+ inclusion.

We have made significant progress in achieving gender balance, with women comprising 43% of our new hires and constituting 50% of our Executive Team. Our internal 'Your Voice' survey highlights our passionate purpose, with an employee engagement score of 89%. We have 52 Persons with Disabilities working across locations, and our recognition as a gold employer for LGBT+ inclusion by the India Workplace Equality Index (IWEI) indicates our ongoing commitment to fostering an inclusive and diverse organisation. Our Company was featured on the list of LinkedIn Top Companies 2024: The 10 leading workplaces in Retail and Consumer Goods in India and was ranked 16 among Top 20 companies in Equileap's Gender Equality Report & Ranking for Emerging Markets.

ACCELERATING OUR SUSTAINABILITY JOURNEY

We are progressing well on our environmental, social, and governance (ESG) journey, especially our water stewardship initiatives enabling us to overachieve our water replenishment goals by 25% and three years ahead of our 2026 goals. Our Water, Sanitation and Hygiene (WASH) initiatives continue to support schools and communities across Rajasthan, UP, Odisha and Maharashtra.

We have eliminated the use of coal fossil fuel from our operations by switching to bio-fuels such as agriculture waste, rice husk, etc. In addition, we have removed mono cartons from 95% of our portfolio, and introduced biodegradable packs and recyclable PET bottles, aiming for 100% recyclable or reusable/compostable packaging by 2030.

Our brand Signature is associated with the Mangrove Regeneration project, and we have partnered with the Alwar District Forest Department to plant 2,00,000 trees, to enhance our green footprint and reduce Scope 3 emissions.

In societal contributions, we have initiated a unique industry-first partnership with the Skill Council for Persons with Disability (SCPwD), to train and prepare individuals for roles in the hospitality sector. Last year, we trained 110 individuals, and it's heartening to see that they are now securing good employment opportunities. This year, we will expand this initiative to train 300 individuals, to build and support a diverse workforce.

And last, but not the least, we continued to promote responsible consumption and champion road safety in India. We have partnered with 31 Regional Transport Offices to spread awareness and curb drink driving through the Wrong Side of The Road programme and supported UP, Punjab and Telangana police by providing advanced breath analysers.

BUSINESS OUTLOOK

Looking ahead, we remain cautiously optimistic about growth, underpinned by sustained investments in our brands, confidence in our innovation and renovation pipeline, and the long-term potential of the Indian consumer market. While near-term challenges of inflationary headwinds and moderated demand persist, the medium-term industry fundamentals are intact, reinforced by the growing trend of premiumisation, coupled with consumer inclination towards higher-quality, experiential drinking occasions. We also remain focussed on revenue growth management and value chain productivity in our quest for sustained value creation for all stakeholders. With craft taking centre stage, we will continue to innovate and Make in India for the world and invest in India to enhance our capabilities.

My deepest thanks to the Board for their invaluable guidance and steadfast support. I also extend my gratitude to you for your continued investment and trust in Diageo India, as we execute our strategy and strive to scale new heights.

I would like to conclude by sharing a moment of great pride with you. Our Royal Challengers Sports Private Limited Women's Premier League team Bengaluru won the cup this year. This achievement resonates with our passion for championing inclusion and diversity and demonstrates Nari Shakti.

Warm Regards,

Hina Nagarajan

Managing Director & CEO

Note: All accounts referred to as 'Rebased' are Reinstated for the Pioneer Distilleries Limited (PDL) merger as well as adjusted for slump sale and franchising of the strategically reviewed popular portfolio for a like-for-like comparison.

Crafting Moments of Magnificence

As one of the world's best brand builders, our diverse portfolio places people and purpose at its core. From most-loved brands to latest innovations, we offer products, tastes, and experiences for all celebrations – big or small.

Passion for Innovation

We introduced a slew of new launches and renovations to elevate our brand, provide luxury experiences to our consumers and redefine repertoire in the alco-bev industry.

Embracing Iconic Legacy with Don Julio

Don Julio Tequila's debut in India marked a significant moment in the country's spirits landscape. Leveraging its global legacy as the choice of elites in film, fashion, music, and arts, the launch festivities exuded glamour and exclusivity. By associating with high-profile personalities and hosting vibrant events, we successfully positioned Don Julio as the epitome of luxury and sophistication, garnering widespread attention and acclaim.

Crafting Excellence with the Launch of McDowell's Single Malt

The introduction of McDowell's Single Malt showcased our dedication to pushing boundaries and setting new standards in the spirits industry. By launching a limited-edition super-premium whisky, the brand demonstrated its prowess in craftsmanship and innovation, catering to the evolving preferences of connoisseurs. The exclusivity of the release further emphasised the brand's commitment to delivering unparalleled quality and luxury.

Honouring Legacy, Embracing Conservation with Godawan 100

Godawan 100, a bespoke collector's edition Single Malt celebrates mindful luxury and underscores our commitment to the conservation of Great Indian Bustard. The immersive launch event was held at a heritage site and was attended by conservation advocates and influencers, highlighting the brand's dedication to social responsibility and environmental stewardship. The single Malt also won the prestigious title of '**Best Single Malt Whisky of the Year**' at the 2024 London Spirits Competition.

A Journey of Taste with New Flavours of Tanqueray

Tanqueray's expansion into flavoured gin offerings represented a bold exploration of new taste profiles and cultural influences. With Tanqueray Rangpur and Tanqueray Malacca, the brand introduced consumers to exotic flavours and aromatic blends inspired by Indian and Eastern heritage. By combining traditional botanicals with innovative ingredients, Tanqueray redefined the gin landscape, offering consumers an immersive sensory experience that transcends boundaries.

Fostering Connections at The Singleton Social

The Singleton Social represented a unique convergence of art, culture, and gastronomy, curated to elevate social interactions, and celebrate the finer moments in life. Through partnerships with lifestyle brands like Nicobar, we created an experiential platform that transcended boundaries and fostered meaningful connections. The tangible expression of The Singleton Social embodied elegance and sophistication, inviting consumers to indulge in the art of living well and savouring life's pleasures.

Elevating Experience with House of McDowell's

The transformation of McDowell's No.1 into House of McDowell's represented a strategic shift towards premiumisation. With Kartik Aaryan as the face of the brand, the renovation aimed to appeal to a more discerning consumer base while retaining the essence of camaraderie and celebration synonymous with McDowell's. The redesigned packaging and enhanced product offerings reflected our commitment to quality and innovation.

Introducing an All-New Experience with Antiquity

The revitalisation of Antiquity aimed to capture the essence of modernity while staying true to its heritage. The brand underwent a comprehensive transformation, encompassing packaging, branding, and messaging, to resonate with contemporary consumers seeking unique experiences. The refreshed Antiquity not only embodies elegance but also symbolises a journey of exploration and discovery, appealing to the sophisticated palate of today's discerning drinkers.

Brands' Play in Culture

Our brands celebrate art, diversity and communities to enrich cultural landscapes and foster connections that transcend borders.

Championing Friendship: House of McDowell's Soda X Yaaron Waali Baat

The collaboration between House of McDowell's Soda and Kartik Aaryan celebrated the timeless bonds of friendship through storytelling and social engagement. By encouraging influencers to share their #YaaronWaaliBaat stories, the initiative resonated with consumers on a personal level, reinforcing the brand's ethos of inclusivity and camaraderie.

Celebrating Boldness: Royal Challenge Packaged Drinking Water X Virat Kohli

The monumental 3D anamorphic hoarding across three cities commemorated Virat Kohli's birthday while symbolising his fearless journey to success. Through this initiative, Royal Challenge Packaged Drinking Water honoured Kohli's resilience and determination, inspiring consumers to embrace boldness and authenticity in their own lives.

Harmony with Nature: Signature Packaged Drinking Water X Ziro Festival of Music

As the title sponsor of the Ziro Festival of Music, Signature Packaged Drinking Water demonstrated its commitment to environmental sustainability and community engagement. Through initiatives promoting cleanups and nature conservation, the brand fostered a sense of responsibility and stewardship among festival attendees, encouraging them to embrace a lifestyle that harmonises with nature.

Empowering Voices, Inspiring Change: Walkers & Co. Celebrates the Walk

The nationwide campaign spotlighted the stories of marginalised communities, amplifying messages of inclusion and diversity. By providing a platform for artists like Aravani Art Project and Pearl D'Souza, we facilitated meaningful conversations and fostered a culture of acceptance and empowerment.

Creating Immersive Brand Experiences

Our leading luxury brands redefined the festival landscape at Lollapalooza 2024 with Johnnie Walker's revolutionary Blonde Bar challenging whisky stereotypes and Baileys' indulgent Soft Serve capturing the essence of festival culture. Our brands Antiquity and Smirnoff engaged with art enthusiasts in a vibrant cultural setting at the Kala Ghoda Arts Festival. Through influencer brunches and cultural collaborations, Tanqueray showcased its versatility and sophistication while reinforcing its position as a leading gin brand synonymous with quality and innovation.

Commitment to Sustainability

Our brands continued to exemplify their commitment to sustainable development and positive social impact.

Restoring Coastal Ecosystems with Mangroves Replenishment Project: Signature Packaged Drinking Water

The Mangrove Replenishment Project exemplifies Signature Packaged Drinking Water's commitment to environmental conservation and community development. By restoring mangrove plantations in Odisha, the initiative aimed to protect coastal regions from natural disasters and promote climate resilience, while educating and engaging local communities in sustainable practices.

Awards

Johnnie Walker Refreshing Mixer

- Gold award at the Exchange4media (E4M) Indian Marketing Awards (IMA) for Johnnie Walker ReVibe campaign and Silver for Brand Rejuvenation for the Walker's & Co. campaign
- Silver award at the Emvies Awards for the Best Media Innovation Digital Social Media category for Johnnie Walker Drone Campaign
- Two Bronze awards at the E4M IMA South Awards for The Walker's and Co. campaign
- Bronze award for Community Building for Walker's & Co. campaign at the E4M The Mobile Marketing Awards (MADDIES)
- Won six distinguished honours at the prestigious Indian Digital Marketing Awards'23:
  - o Two Gold awards for the Best Use of Topical Posts in a Campaign and Breakthrough Technology as Part of a Campaign categories, two Silvers for the Best Use of Experiential Tech for Digital & Physical Experiences and Best Digital OOH Campaign categories and one Bronze for Leveraging Social Media to Boost Brand ROI & Engagement for the Spotted a Mysterious Walker in the Skies of Goa campaign
  - o Bronze award for Best Digital OOH Campaign category for outstanding work with Walker's & Co.

Black & White Ginger Ale

- Gold award for Brand Extension - Food and Beverages category and Silver award for the Best Use of Digital Marketing/Social Media - Social Impact category at the E4M IMA South Awards for Black & White's Inclusivity and Diversity campaign
- Bagged three awards at the E4M MADDIES 2023:
  - o Gold award for Gender Equity
  - o Silver award for Maximising Mobile Advertising / Programmatic and Machine Learning category and a Bronze award for Best Use of Social Media for the Black & White X Bobble campaign
- Silver award in the Best Mobile Marketing Campaign category and a Bronze award in the Best Digital Campaign category at the Dragons of Asia Awards, 2023
- Gold award for the Best Use of Technology and Silver award for Best Use of Sports or E-Sports Marketing categories at the E4M IMA 2023

McDowell's No 1 Soda

- Three Bronze awards at the E4M IMA for Best Use of PR, Best Use of Omni Channel Marketing and Best Use of Experiential Marketing
- Two Silver awards for Brand Extension - Food and Beverages and Talent/ Influencer Marketing - Food & Beverages and Bronze Awards for Best Use of Integrated Media - Food and Beverages and Innovative Use of Technology for the No. 1 Yaari Jam Fest Making 'Yaari' the New Cool campaign at IMA South Awards
- Silver award for Relationship Building/ Remarketing at the E4M MADDIES
- Bagged four prestigious awards at the Indian Digital Marketing Awards'23:
  - o Three Bronze awards for the No. 1 Yaari Jam Fest Making 'Yaari' the New Cool campaign for the categories of Best Website/ Microsite, Best Campaign - Online Advertising & Digital Direct Response, and Best Integrated Media Campaign - Product/Services
  - o Silver award for the Best Integrated Media Campaign – Films/TV Shows/News Shows/Events award

Signature Packaged Drinking Water

- Gold Award at the IMA South Awards for the Ziro Music Festival Driving Sustainability campaign in the category of Brand Extension - Food and Beverages
- Gold Award for Best Multi Mobile Channel Campaign category for the Signature Green Vibes campaign at the E4M MADDIES

Black Dog

- Silver award for Design Effectiveness at the Pentawards and two Silver awards for Logo Design and Packaging Design by Graphis Design Annual
- Silver award for Packaging Design and Bronze award for Best Brand Identity at Marketers' Excellence Awards by afaqs
- Best Packaging Award (unit pack) at Ambrosia INDSPIRIT Awards 2024

Godawan & Godawan 100

- Two Gold awards for the second year in a row at the prestigious Monde Selection Whisky Awards and four Golds at the London Spirits and a Silver at the Denver International competition for liquid innovation
- Two Silver awards for Packaging Design at the FAB Awards and Graphis Design Annual
- Two Gold awards for Best Use of Visual Property and Best Use of Packaging Design and Bronze award for Best Strategic and Creative Development of a New Brand by Transform Awards Asia
- Silver award for Dark Spirits Packaging Design and Bronze award for Godawan 100 Packaging Design at the Harpers Design Awards
- Two Baby Blue Elephant awards for Godawan Packaging Design and Godawan 100 Luxury Packaging Design by Kyoorius Design
- Two People's Choice awards for Packaging Design and Brand Design and a Bronze award for Packaging Design by Creativepool Annual
- Two Gold awards for Packaging Design and Best Brand Identity at afaqs Marketers' Excellence Awards
- Bronze award for Brand Design & Packaging Design at the International Spirits Challenge
- Best Packaging award (graphics) at Ambrosia INDSPIRIT Awards 2024

Antiquity

- Silver award for packaging design at the Graphis Design Annual
- Best IMFL Super Premium Whisky at Ambrosia INDSPIRIT Awards 2024

Royal Challenge

Silver award for Packaging Design at the Graphis Design Annual

Royal Challenge American Pride

Silver award for Packaging Design at the Graphis Design Annual

Celebrating our People and Culture

While we take pride in our industry-leading position, our greater pride lies in our people who enable it. Our Employee Value Proposition, 'Celebrating You', commits to making our organisation the best place for employee growth, where they can bring their authentic selves to work and shape the future with us.

Inclusion and Diversity

We are dedicated to attracting and retaining a diverse talent pool and fostering an inclusive culture. This is demonstrated through our comprehensive policies such as gender-neutral family leave, wellness policy which includes fertility treatment and gender affirmation surgery, crèche policy, and guidelines like disability inclusion, pregnancy loss, menopause, domestic and family abuse, and gender identity and gender expression guidelines.

The launch of our comprehensive online Inclusive Culture hub was a significant step towards nurturing our culture. This one-stop shop of resources and tools offer support to our leaders, managers and employees with best-in-class capability interventions, inspiring stories from across our business, overview of our aspirational culture aligned to behaviours of psychological safety and daily cultural practices.

Recent initiatives have further underscored our commitment to inclusion and diversity. We launched Spirited Women's Network (SWN) Employee Resource Group (ERG) to engage, inspire and empower female employees, while our established Rainbow Network ERG celebrated Pride Month with events raising LGBT+ awareness. INC. Week, an annual global event, continues to promote workplace inclusivity and a sense of belonging for everyone, witnessed enthusiastic employee participation.

INCLUSION & DIVERSITY SNAPSHOT

27%
Women representation

43%
Women among new hires

50%
Women representation in the Executive Team

30%
Women representation in the Senior Leadership Team

52
Persons with Disability work in our manufacturing units

89%
Employee Engagement Score ('Your Voice' – Internal Engagement Survey)

Diageo India was recognised as the Gold Employer for LGBT+ Inclusion by the India Workplace Equality Index (IWEI), India's only benchmarking index for LGBT+ inclusion.

The Company was ranked 16 out of Top 20 in Equileap's Gender Equality Report & Ranking for Emerging Market and was featured on the list of LinkedIn Top Companies 2024: The 10 leading workplaces in Retail and Consumer Goods in India.

Employees' Career, Growth and Development

We are committed to creating opportunities for career growth and building a culture of purpose-driven performance to become one of the best performing, most trusted and respected consumer products companies in the country. Our new Learning and Development (L&D) strategy responds to the evolving needs of employees, the business and the industry by offering diverse learning opportunities focussed on:

Leadership & Management Excellence

Empowers managers to boost leadership and team management skills for superior outcomes.

Professional Competence

Assists employees in developing the essential skills needed to thrive in their professional career.

Skills of the Future

Equips employees with the skills and knowledge to navigate industry shifts and emerging technologies, aligning with future requirements.

Functional Mastery

Encourages deepening of domain expertise, skill honing and continuous growth to maximise individual and organisational value.

These opportunities are facilitated through collaborations with top-tier training partners and business schools. Additionally, our 'Leaders for Learning' initiative aims to cultivate an internal network of leaders who serve as learning facilitators, thereby promoting knowledge sharing and mentorship.

Our overall capability development efforts have led to a very strong internal recruitment rate of 53% (open positions this year filled by existing employees).

Employee Well-Being

We prioritise the physical, mental, emotional, financial and social well-being of our employees, adopting a holistic approach to promote a supportive work environment. In line with this commitment, several new policies and programmes have been implemented.

Enhanced Wellness Policy: We significantly enhanced our Medical, Personal Accident and Term Life Insurance coverage, aligned with our focus on supporting the comprehensive health and well-being of our employees.

Enhanced Crèche Policy: Demonstrating our commitment to gender-neutral parental benefits, our crèche policy was upgraded. The new policy makes childcare support accessible for all employees, fostering equal opportunities to manage work and family responsibilities seamlessly.

Employee Assistance Programme: Offering free 24/7 online confidential counselling for employees and their families, this programme creates a supportive space for addressing personal or work-related issues, enhancing well-being and productivity, and contributing to a healthier, more resilient workforce.

Wellness Sessions: Monthly wellness sessions are conducted to improve holistic well-being, with topics ranging from women's health and cancer prevention tips to mindful snacking and building a strong financial foundation. Providing valuable insights, these sessions reinforce our commitment to employee well-being beyond the workplace and nurturing a positive culture.

Society 2030: Spirit of Progress

Society 2030: Spirit of Progress, our Environmental, Social, and Governance (ESG) action plan is aimed at fostering a more inclusive and sustainable world and is aligned to our purpose of celebrating life every day, everywhere. The comprehensive blueprint empowers us to make a positive impact not only within our company but also in our communities and society at large. The Society 2030 plan is anchored in doing business the right way and focusses on three priorities: pioneering grain-to-glass sustainability, championing inclusion and diversity and promoting positive drinking.

Pioneering Grain-to-Glass Sustainability

Climate change, water stress, biodiversity loss and other challenges indicate significant risks to the environment and the prosperity of communities. Committed to business sustainability, we embrace the responsibility of protecting our planet and creating shared stakeholder value.

Preserving water for life

Targets

- Use 40% less water than today for every drink we make by 2030.
- Replenish more water than we use in all our water-stressed areas by 2026.

Progress in FY24

During the year, we created water replenishment capacity of over 9,000 Cu.M. and have been able to replenish more than 1 Million Cu.M. of water in last three years across our water-stressed sites. As a result of our sustained efforts, we have exceeded our total water replenishment target by 25% and achieved it three years prior to our 2026 goal.

Elevating our focus towards Water, Sanitation, and Hygiene (WASH), we have been able to transform individual lives by constructing 264 sanitation facilities and have been able to create more than 13,000 litres/hour of clean drinking water capacity across villages in Maharashtra, Uttar Pradesh, Odisha and Rajasthan.

We have improved our water-use efficiency by 48%*^ in our distilleries and by 31%*^ in packaging, against the target of 40% by 2030. In FY23, our Alwar distillery became the first spirit distillery in Asia to receive the Alliance for Water Stewardship (AWS) Certification. Continuing the momentum, we have been working on implementing catchment-based water stewardship initiatives through collective action on water and have continued to meet the AWS certification requirements.

Accelerate to a low carbon world

Targets

- Achieve net-zero carbon emissions (Scope 1 & 2) across direct operations by 2030.
- Reduce our value chain (Scope 3) carbon emission by 50%.
- Sustain 100% use of renewable fuel and increase the in-house potential for renewable energy.

Progress in FY24

We reduced greenhouse gas emissions from our operations by 87%*^ and have achieved zero coal status in our distillery operations by transitioning to renewable energy. Our in-house solar energy generation capacity has increased to 2.6 MW from 1.3 MW.

We have achieved 98.6%*^ renewable energy use status in operations and are well positioned to achieve 100% renewable energy status ahead of our 2030 target.

Our brand 'Signature' is associated with mangrove plantation in Puri, Odisha, where 31,500 mangrove seedlings are being planted. These mangroves can sequester carbon 2-4 times faster than a mature tropical forest.

Additionally, over 1 lakh trees were planted to offset residual greenhouse gas emissions. We have also launched an afforestation drive in Alwar and have planted more than 2 lakh trees under the 'Trees Outside Forest in Rajasthan' (TOFR) programme.

As part of our efforts to reduce carbon emissions throughout our value chain, we are closely engaging with our suppliers to facilitate their transition to renewable and low-carbon fuel alternatives.

Become sustainable by design

Targets

- Make 100% of our packaging widely recyclable by 2030.
- Increase recycled content in all packaging to 60% by 2030.

Progress in FY24

Over 99% of our packaging material is now widely recyclable, making us well-placed to achieve 100% status before our 2030 target. Additionally, more than 50% of our purchased packaging material is made from recycled content. We have removed mono cartons from 95% of our portfolio and introduced recyclable PET containers in line with our 2030 goals. The Company continues its effort under plastic waste management Extended Producer Responsibility (EPR) commitment to collect 100% of plastic waste generated.

Our regenerative agriculture programme, in collaboration with The Nature Conservancy India, is being implemented across 60 villages in 2 districts namely Ambala (Haryana) and Ludhiana (Punjab). The objective is to implement various techniques of regenerative agriculture such as direct seeding, crop residue management, efficient irrigation, improved soil health and agroforestry, to help transform agricultural practices in the region and move towards adopting regenerative agriculture.

The Company launched a unique micro enterprise initiative to empower 100 smallholder women farmers in Nashik. The initiative will enable these women farmers with training, seed funding financial support, equipment and last-mile connectivity through the food supply chain to tackle crop loss, food waste and ensure sustainable livelihood.

Protecting biodiversity

The Great Indian Bustard (GIB) or Godawan is a near-extinct bird exclusive to the arid and semi-arid grasslands of India. Project GIB focusses on habitat creation and in-situ conservation in Rajasthan to aid the long-term conservation and recovery of this critically endangered species.

Key efforts encompass the restoration of six key water bodies, creation of nesting habitat and generating awareness among local communities on conservation.

Our implementing partner, Gramodaya Samajik Sansthan (GSS), is technically guided by the Forest Department & Wildlife Institute of India on the type of activities and initiatives to be undertaken to support their ongoing conservation efforts.

Championing Inclusion and Diversity

We champion inclusion and diversity across our business at every level everywhere to help shape an equitable society. To realise this ambition, we recruit diverse talent, source services from diverse suppliers, portray diversity through our brands and drive inclusive programmes within the communities.

Our 'Learning for Life' programme helps enhance livelihood opportunities for individuals from under-represented communities. A total of 2,060 individuals underwent training and successfully completed the National Skill Development Council (NSDC) certified programme focussing on the hospitality sector. Over 50% of the beneficiaries were women. We initiated a unique programme in collaboration with the Skill Council for Persons with Disability (SCPwD) to mainstream people with Speech & Hearing impairment in hospitality sector by supporting them with relevant skills and resources. We have been able to train 110 individuals and will further scale this initiative to train 300 individuals in the coming year.

The Diageo Bar Academy, our comprehensive learning platform for bar owners and bartenders, trained over 9,400 individuals.

We maintain close engagements with our suppliers and agencies to drive positive, sustainable economic impact in the communities from which we source. As part of our ESG action plan, we will continually measure and enhance the percentage of diverse suppliers across our value chain.

Promoting Positive Drinking

We want to change the way people drink – for the better. This is why we promote responsible drinking and invest in education programmes to discourage the harmful use of alcohol.

Act Smart India

Our Act Smart India programme aims to address the issue of underage drinking by educating young people. 1,91,861 youth participated in this programme, which employed impactful storytelling to raise awareness about the hazards associated with underage drinking.

Wrong Side of the Road

'Wrong Side of the Road,' our initiative against drink driving, is a collaborative effort with the United Nations Institute for Training and Research (UNITAR). The interactive learning experience uses a series of real-life scenarios to sensitise participants on the consequences of drink driving. Additionally, we collaborated with 31 Regional Transport Offices and established tab labs to promote awareness. A total of 4,35,164 consumers participated in this informative session on anti-drink driving.

We continued our efforts to curb drink driving and supported the Uttar Pradesh, Punjab and Telangana Police Departments in strengthening their road safety efforts by providing advanced breath analysers.

DRINKiQ website

Providing information is a vital element in empowering consumers to make responsible choices. DRINKiQ is a dedicated responsible drinking online platform that advocates moderation and addresses the consequences of harmful drinking. We have launched a social media campaign during the festive season to educate consumers on responsible drinking and promoting moderation.

KEY HIGHLIGHTS

87%*^
Reduction in greenhouse gas emissions from our operations.

9,000 Cu.M.
Water replenishment capacity created.

98.6%*^
Use of renewable energy in operations.

Over 6 lakh
People educated through our Positive Drinking Programmes.

48%*^
Improvement in water-use efficiency in distilleries.

2,060
Beneficiaries trained in hospitality skills under the 'Learning for Life' programme.

**against base year FY20.*
^ covering Diageo India own operating units.

RECOGNITION

Diageo India was awarded 'Excellence in Contribution to ESG' at the Ambrosia INDSPIRIT Awards 2024 and the 'CSR Company of the Year' by Spiritz magazine.

UNITED SPIRITS LIMITED

Registered Office: 'UB Tower', #24, Vittal Mallya Road, Bengaluru, Karnataka, India - 560 001

Tel: 080-2221 0705; Fax: 080-22245253; Corporate Identity Number: L01551KA1999PLC024991

Website: www.diageoindia.com | e-mail: investor.india@diageo.com

Notice

Notice is hereby given that the twenty-fifth Annual General Meeting ("AGM") of the Members of United Spirits Limited ("the Company"/ "USL") will be held on Wednesday, 31st July 2024 at 3.30 pm (IST) through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31st March 2024 and the reports of the Board of Directors and Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March 2024 and the report of the Auditors thereon.

3. To appoint a Director in place of Mr. Pradeep Jain (DIN: 02110401) who retires by rotation and being eligible, offers himself for re-appointment.

4. To declare a final dividend of ₹ 5/- per equity share for the financial year ended 31st March 2024.

SPECIAL BUSINESS

5. **Ratification of remuneration payable to Cost Auditor of the Company for the Financial Year 2024-25.**

   To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

   "**RESOLVED THAT** pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the remuneration payable to M/s. Rao, Murthy & Associates, Cost Accountants, having Firm Registration Number 000065, appointed by the Board of Directors of the Company on the recommendation of the Audit Committee as Cost Auditors to conduct the audit of the cost records maintained by the Company for the financial year 2024-25 amounting to ₹ 200,000 (Rupees Two Lakhs only) in addition to applicable taxes and out of pocket expenses incurred in connection with the audit, be and is hereby ratified.

   RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

6. **Payment of commission to Independent Directors and Non-Executive Directors.**

   To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

   "**RESOLVED THAT** pursuant to the provisions of sections 149(9), 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder and Regulation 17 of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Members be and is hereby accorded for payment of remuneration for each financial year to the Non-Executive Directors of the Company appointed from time to time, in the form of commission, in addition to the sitting fees and reimbursement of expenses for participation in the Board and other meetings, as the Board of Directors may from time to time, determine subject to the aggregate remuneration not exceeding 1% of the net profits of the Company in any financial year (computed in the manner provided in section 198 of the Act) or in aggregate not exceeding ₹ 4,00,00,000 (Rupees four crore only), whichever is less and that this resolution shall remain in force for a period not exceeding three financial years commencing from April 1, 2025 (for the financial years 2025-26, 2026-27 and 2027-28)."

7. **Approval of material Related Party Transactions**

   To consider and if thought fit, to pass the following resolution as an ordinary resolution:

   "**RESOLVED THAT** pursuant to section 188 of the Companies Act, 2013 ('the Act') and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, to the extent applicable, (including any other applicable provision(s) or statutory modification(s) or re-enactment thereof for the time being in force), the provisions of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), read with the Company's 'Policy on Related Party Transactions' and as approved by Board of Directors on the recommendation of the Audit Committee, approval of the Members of the Company be and is hereby accorded for continuing with Material Related Party Transactions/contracts/ arrangements/agreements by United Spirits Limited ("USL" or

Notice (Continued)

"Company") with Diageo Brands B. V. Netherlands ("DBBV"), a Related Party within the meaning of section 2(76) of the Act, and Regulation 2(1)(zb) of the Listing Regulations for the financial year 2024-25, individually and/or in aggregate upto an amount of ₹ 1266 crore (Rupees one thousand two hundred sixty six crore only) provided however, that the said contracts/ arrangements/ transactions shall be carried out on an arm's length basis and in the ordinary course of business of the Company in the nature of:

a) Approval for procuring BIO (Bottled in Origin brands) for distribution in India Market.

b) Approval for procuring bulk scotch for (manufacturing/ bottling) Diageo Brands in India (Bottled in India or BII brands)

c) Approval for import of bulk scotch for manufacturing Company's brands

d) Availing/rendering of any kind of service(s), or any other transaction(s) for transfer of resources, services or obligations and other reimbursements or recoveries ('Residual RPTs').

Collectively ("RPTs") on such terms and conditions as detailed in the explanatory statement to this Resolution and as may be mutually agreed between the Company and DBBV.

RESOLVED FURTHER THAT the Board of Directors of the Company ('the Board', which term shall be deemed to include the Audit Committee) be and is hereby authorised to perform and execute all such acts, deeds, matters and things, including delegation of all or any of the powers conferred herein, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto, and also to settle any issue, question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem fit or desirable, subject to compliance with the applicable laws and regulations, without the Board being required to seek any further consent / approval of the Members."

8. Approval of remuneration payable to Ms. Hina Nagarajan (DIN: 00048506), Managing Director and Chief Executive Officer of the Company for a period of two years.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"**RESOLVED THAT** pursuant to the provisions of sections 196, 197, 198, read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the Rules framed thereunder (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation or reenactment thereof, pursuant to the Articles of Association of the Company and as approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee, Ms. Hina Nagarajan (DIN: 00048506) be paid the below mentioned remuneration for the remaining tenure from 1st July 2024 to 30th June 2026 :

Compensation Plan	Amount in ₹ (Per Annum)
Basic Salary	3,48,53,913
Basket of Allowances (BOA)	3,27,38,726
Total Base (Basic+BOA)	**6,75,92,639**
Company's contribution to Provident Fund	41,82,470
Target Annual Incentive Plan (Target AIP)	2,78,83,130
Target cost to Company (CTC) per annum	**9,96,58,239**

RESOLVED FURTHER THAT the maximum Annual Incentive Plan (AIP) payable would be 200% of Target AIP depending on the performance of Ms. Hina Nagarajan as may be recommended by the Nomination and Remuneration Committee and approved by the Board.

RESOLVED FURTHER THAT aforesaid remuneration (subject to such other revisions, modifications (including inter-se changes in various components of CTC) and increments, including any increments to the Basic and Basket of Allowances (BOA) and consequential increase to the Company's contribution to Provident Fund, Gratuity, Annual Incentive Plan (AIP) etc., as may be approved by the Board from time to time based on the recommendation of the Nomination and Remuneration Committee and as per the rules/policy of the Company) will be within the overall limit of ₹ 35 crore per annum.

RESOLVED FURTHER THAT Ms. Hina Nagarajan shall also be entitled to group term & group personal accidental insurance coverage up to a sum of ₹ 24 crore and ₹ 6 crore respectively and that she be entitled to a group medical insurance coverage for self, spouse and dependants up to a sum of ₹ 5 lakhs per annum and that premium in relation to both the aforesaid insurance coverage be either paid/borne by the Company/reimbursed to her.

Notice (Continued)

RESOLVED FURTHER THAT in absence or inadequacy of profits in any financial year, the remuneration including the perquisites will be paid in accordance with the applicable provisions of Schedule V of the Act.

RESOLVED FURTHER THAT Ms. Hina Nagarajan shall also be entitled to gratuity as per the policy of the Company and all other benefits/allowances, travel, telephone, club membership(s), and other reimbursement entitlements as per her grade in accordance with the policy of the Company (as may be modified from time to time).

RESOLVED FURTHER THAT Ms. Hina Nagarajan shall also be entitled to the annual grant of Diageo Performance Shares Plan (PSP), Diageo Senior Executive Share Option Plan (SESOP), Stock Appreciation Rights (SARs) of the Company or other Long Term Incentive plans, as may be approved by the Board of Directors from time to time, in accordance with the policy of the Company and as per the terms and conditions of the respective plan and upon approval of the Nomination and Remuneration Committee, subject to the overall limit on remuneration specified herein.

RESOLVED FURTHER THAT all unvested long term instruments upon determination of her term as Managing Director and Chief Executive Officer shall be dealt with appropriately based on approval of the Board of Directors (upon recommendation of the Nomination and Remuneration Committee) so long as same does not exceed ₹ 20 crore.

RESOLVED FURTHER THAT the other terms of appointment remain the same as approved by the shareholders at their meeting held on 26th August 2021 and/or as may be approved by the Board from time to time based on the recommendation of the Nomination and Remuneration Committee and as per the rules/policy of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary for obtaining necessary approvals in relation to the above and to execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of its powers herein conferred to any Director, Company Secretary or any other officer(s) of the Company."

9. **Appointment of Ms. Amrita Gangotra (DIN: 08333492) as an Independent Director of the Company.**

To consider and, if thought fit, to pass the following resolution as a special resolution:

"**RESOLVED THAT** in accordance with, the provisions of sections 149, 150 and 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder, Regulation 17, 25 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODR Regulations") (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, Ms. Amrita Gangotra (DIN: 08333492), who is appointed by the Board of Directors on the recommendation of Nomination and Remuneration Committee as a Non-Executive, Independent Director with effect from 1st September 2024 and who is eligible for appointment as an Independent Director and who meets the criteria for independence under section 149(6) of the Act and the Rules made thereunder and Regulation 16(1)(b) of the LODR Regulations and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of five years, effective from 1st September 2024 till 31st August 2029, and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution and to delegate all or any of its powers herein conferred to any Director, Company Secretary or any other officer(s) of the Company."

By Order of the Board

Mital Sanghvi
Company Secretary

Place : Mumbai
Date : 24th May 2024

Notice (Continued)

Notes:

1. Ministry of Corporate Affairs (MCA) vide General Circular No. 09/2023 dated 25th September 2023 and Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7th October 2023 (hereinafter collectively referred to as 'Circulars') permitted companies to hold Annual General Meeting ('AGM') through video conference ("VC") or other audio visual means ("OAVM"), without physical presence of Members at a common venue. Accordingly, the AGM of the Company will be held through VC/OAVM. In compliance with the provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Circulars, the 25th AGM of the Company is scheduled to be held through VC / OAVM on Wednesday, 31st July 2024 at 3:30 P.M. (IST). The deemed venue for the AGM will be the registered office of the Company.

2. In compliance with the aforesaid Circulars, Notice of AGM along with the Annual Report 2023-24 is being sent through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2023-24 will also be available on the Company's website www.diageoindia.com, websites of Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

3. Explanatory statement, pursuant to section 102 of the Act, setting out material facts concerning the Special Business in the Notice is annexed hereto and forms part of this Notice. Relevant details, pursuant to Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") are also annexed.

4. The Circulars waived the requirement of permitting the Members to appoint proxies to attend and vote on his/her behalf, as the AGM is being held through VC/OAVM. Accordingly, the facility for appointment of proxies by the Members will not be available. However, in pursuance of section 112 and section 113 of the Act, representatives of the Members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting. The Proxy Form, Attendance Slip and route map are not annexed to this Notice.

5. Institutional shareholders/corporate shareholders intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of Board resolution/authorization letter to the Scrutinizer by email at sudhir.compsec@gmail.com or to the Company at investor.india@diageo.com or upload on the VC / e-voting portal.

6. Participation of Members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Act.

7. Members are required to update their email addresses, if any, with the Company's Registrars and Share Transfer Agents (RTA) viz., Integrated Registry Management Services Private Limited (IRMSPL) at #30, Ramana Residency, 4th Cross, Sampige Road, Bengaluru – 560 003 (Telephone No. 080 23460815-818 Fax No. 08023460819), in case of shares held in physical form and to the respective Depository Participants ('DP'), in case of shares held in dematerialized/ electronic form, so that all notices and other statutory documents which are required to be sent to the members, as per the provisions of the Act or Listing Regulations, can be sent to their email addresses.

8. Members holding shares in physical form, holding in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's RTA. Members may address all their documents/ correspondence relating to the equity shares of the Company directly to the Company's RTA.

9. The Board of Directors of the Company at their meeting held on 24th May 2024 have, *inter alia*, approved and recommended payment of final dividend of ₹ 5 (Rupees five only) per equity share of face value of ₹ 2 (Rupees two only) each for the financial year ended 31st March 2024 ('final dividend'), subject to approval of the Members at the ensuing AGM.

10. Final dividend for the financial year ended 31st March 2024, if approved by the Members at the ensuing AGM, will be paid on or after 6th August 2024, to those Members whose names appear on the Register of Members of the Company or Register of Beneficial Owners maintained by the Depositories as on the record date i.e. Friday, 12th July 2024.

11. Members holding shares in physical/demat form are hereby informed that the bank particulars registered with RTA or their respective DP, as the case may be, will be considered by the Company for payment of final dividend.

Notice (Continued)

13. As per the Income-tax Act, 1961, dividends paid or distributed by the Company after 1st April, 2020, shall be taxable at the hands of the shareholders and the Company shall be required to deduct tax at source ("TDS") at the prescribed rates from the dividend to be paid to the shareholders, subject to requisite approvals. For the prescribed rates for various categories, please refer to the Finance Act, 2020 and the amendments thereof.

    a. A separate email communication was sent to the members on wednesday, 19th June 2024, informing the relevant procedure to be adopted by them/documents to be submitted for availing the applicable tax rate.

    b. The resident and non-resident shareholders upload duly filled and signed aforesaid documents, as applicable, only on the weblink of RTA i.e., https://www.integratedregistry.in/TaxExemptionRegistration.aspx on or before Monday, 15th July 2024, 06.00 PM (IST), to enable the Company to determine the appropriate TDS/withholding tax rate applicable. Further Members may note that tax determination/deduction received post 15th July 2024, 6.00 pm(IST) shall not be considered for payment of dividend. For any queries Members can write to bglsta@integratedindia.in.

    c. Members are requested to note that in case tax on said Dividend is deducted at a higher rate due to non-receipt of or satisfactory completeness of the afore-mentioned details/documents by Monday, 15th July 2024 the Members may claim an appropriate refund in the return of income filed with their respective tax authorities.

    d. Members are requested to ensure that their PAN, choice of nomination, contact details, including mobile number, email ID, bank account details, mobile number, and residential status of their demat accounts are updated with Depository Participant ("DP"), in order to receive communications from the Company and any benefits arising out of corporate action in a timely manner. Any change in aforesaid details is required to updated directly with your DP only.

    e. Members may note that as per Securities and Exchange Board of India (SEBI), vide its circular dated 3rd November 2021 (subsequently amended circulars dated 14th December 2021, 16th March 2023, 17th November 2023 and 10th June 2024) had informed that shareholders holding securities in physical mode, whose folio/s are not updated with PAN (or) Contact Details (or) Mobile Number (or) Bank Account Details (or) Specimen Signature, with the Company/Registrar and Transfer Agent (RTA), shall not be eligible for any payment including Dividend / Interest / Redemption etc., in respect of such folios, with effect from 1st April 2024. The dividend will be paid only through electronic mode upon updation of all the aforesaid details. Member may submit duly filled prescribed forms by sending email from your registered email ID to bglsta@integratedindia. in and by sending a physical copy of the duly filled and signed prescribed forms by the registered holders with the Company/RTA at No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bangalore - 560003. You can find prescribed forms on Company's website: https://www.diageoindia.com/en/investors/shareholder-centre/downloads

14. Members are requested to note that dividends, if not encashed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, all shares in respect of which dividend has remained unclaimed for seven consecutive years from the date of transfer to unpaid dividend account shall be transferred to IEPF. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.

15. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz., Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/ folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at https://www.diageoindia.com/en/investors/shareholder-centre/downloads. It may be noted that any service request can be processed only after the folio is KYC Compliant.

16. As mentioned above, the Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the stock exchanges would be facilitated if the share certificates are dematerialised. Members with physical share certificates are advised to consider opening a demat account with an authorised DP and arrange for dematerializing their shareholdings in the Company. Members may please note that effective 1st April 2019 transfer of shares are not permitted through

Notice (Continued)

physical mode pursuant to SEBI notification dated 8th June 2018.

17. As per the provisions of section 72 of the Act and SEBI Circular, the facility for making nomination is available for Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website https://www.diageoindia.com/en/investors/shareholder-centre/downloads. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to RTA in case the shares are held in physical form.

18. All Unclaimed Dividend for the period from 1st April 1999 to 31st March 2013, required to be transferred to the Investor Education and Protection Fund ("Fund") in terms of the provisions of the Companies Act, 1956 and the Companies Act, 2013, were transferred to the Fund. The Company has not declared any dividend from financial year 2013-14 till financial year 2022-23. The Company has declared interim dividend and the Board has recommended final dividend for financial year 2023-24.

19. Members may note that the Unclaimed Dividend which are transferred to the Fund can be claimed only by submitting an application in form IEPF-5 to the Ministry of Corporate Affairs ('MCA') available on website www.iepf.gov.in. Details of unclaimed dividend have been uploaded on the Company's website www.diageoindia.com.

20. The Members are requested to email their grievances for redressal at bglsta@integratedindia.in or investor.india@diageo.com.

21. In compliance with the provisions of section 108 of the Act and Rule 20 of the Companies (Management and Administrations) Rules, 2014, the Company is pleased to provide to Members with a facility to exercise their right to vote at the 25th AGM by electronic means and the votes may be cast through electronic voting ('e-voting') services provided by Central Depository Services (India) Limited ['CDSL'].

22. Facility for e-voting shall also be made available during the meeting and Members attending the meeting through video conference, who have not cast their vote by remote e-voting can exercise their vote during the meeting.

23. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

24. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com. However, if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing user ID and password for casting the vote.

25. The instructions for shareholders voting electronically are as under:

In compliance with the provisions of section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice.

The remote e-voting period begins on Saturday, 27th July 2024 at 9.00 a.m. (IST) and ends on Tuesday, 30th July 2024 at 5.00 p.m. (IST). During this period, Members of the Company holding shares either in physical form or in dematerialized form as on the cut-off date i.e. Wednesday, 24th July 2024, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Notice of AGM is also disseminated on the website of CDSL at www.evotingindia.com.

i. Information and instructions for Remote e-voting by Individual Shareholders holding shares of the Company in demat mode:

   In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

   Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Notice (Continued)

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasinew/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Notice (Continued)

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website

(ii) Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdsl.com or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000

ii. Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

1. The shareholders should log on to the e-voting website www.evotingindia.com.

2. Click on "Shareholders" module.

3. Now enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4. Next enter the Image Verification as displayed and Click on Login.

5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6. If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical form.
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field.

Notice (Continued)

iii. After entering these details appropriately, click on "SUBMIT" tab.

iv. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

v. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

vi. Click on the EVSN for the Company.

vii. (On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

viii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

ix. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

x. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xi. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xiii. There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.

xiv. Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.

- It is mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are mandatorily required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; sudhir.compsec@gmail.com or investor.india@diageo.com respectively (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

1. For Physical shareholders - Kindly provide necessary details like Folio No., Name of shareholder, scanned copy of share certificate (front and back), self-attested copies of PAN and Aadhar by email to Company/RTA email ID.

2. For Demat shareholders - kindly update your email ID & mobile no. with your respective Depository Participant (DP).

3. For Individual Demat shareholders – kindly update your email ID & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

Notice (Continued)

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 1800 22 55 33.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-Voting.

2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-Voting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

4. Shareholders are encouraged to join the Meeting through Laptops/iPads for better experience.

5. Further, shareholders will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. Kindly note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **5 days prior to meeting** mentioning their name, demat account number/folio number, email ID, mobile number at investor. india@diageo.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **5 days prior to meeting** mentioning their name, demat account number/ folio number, email ID, mobile number at investor. india@diageo.com. These queries shall be responded appropriately by the Company in due course.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

11. Mr. Sudhir V. Hulyalkar, Company Secretary in Practice (CP - 6137); Address: 4th Floor, Prabhas Complex #27/1, S. Kariyappa Road, Basavanagudi, Bengaluru - 560 004 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

12. The Scrutinizer shall, not later than two working days after the conclusion of the AGM make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairperson or a person authorized by him and the Company shall declare the results of the voting forthwith.

13. The results declared along with the Scrutinizer's Report will be placed on the Company's website www.diageoindia.com and on stock exchanges' website, The National Stock Exchange of India Limited at www.nseindia.com and BSE Limited at www.bseindia.com, immediately after the result is declared by the Chairperson or any person authorised by the Company and communicated to the concerned stock exchanges.

14. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice upto the date of AGM, i.e. 31st July 2024. Members seeking to inspect such documents may send an email to investor.india@ diageo.com.

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EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5 : Ratification of remuneration payable to Cost Auditor of the Company for the Financial Year 2024-25.

The Board of Directors, upon the recommendation of the Audit Committee, approved the appointment of M/s. Rao, Murthy & Associates, Cost Accountants having Firm Registration Number 000065, as Cost Auditors of the Company for conducting the audit of cost records of the Company, for the Financial Year 2024-25, at a remuneration of ₹ 2,00,000 (Rupees Two Lakhs only) in addition to applicable taxes and reimbursement of out of pocket expenses.

Pursuant to section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members of the Company are required to ratify the remuneration to be paid to the cost auditors of the Company. Accordingly, consent of the Members is sought for passing an ordinary resolution as set out at Item No. 5 of the Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution, except to the extent of their shareholding, if any.

The Board of Directors recommends the resolution as set out in Item No. 5 of the Notice for approval of the Members as an ordinary resolution.

Item No. 6 : Payment of commission to Independent Directors and Non-Executive Directors.

The Members at their 23rd Annual General Meeting held on 9th August 2022 approved payment of remuneration by way of commission to the Non-Executive Directors of the Company, not exceeding 1% of the net profits of the Company in any financial year (computed in the manner provided in section 198 of the Companies Act, 2013) or in aggregate not exceeding ₹ 4,00,00,000 (Rupees four crore only), whichever is less, for a period of three years from 1st April, 2022 to 31st March, 2025.

The Nomination and Remuneration Committee and the Board of Directors of the Company ('the Board') are of the view that Non-Executive Directors devote their valuable time and have experience to give critical advice to the Company. Accordingly, upon recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on 24th May 2024 has recommended for approval of Members, payment of remuneration including profit related commission, by whatever name called, to the Non-Executive Directors of the Company, in line with the current trends for a period not exceeding three years with effect from 1st April 2025, lower of one percent of the net profits of the Company or aggregate Rupees four crore, for each financial year, as set out in the Resolution. Further, the Members may kindly note that the Company has not been paying any remuneration to the Non-Independent Non-Executive Directors.

None of the Directors or Key Managerial Personnel and their relatives (except Non-Executive Independent Directors), are concerned or interested (financially or otherwise) in this Resolution.

The Board of Directors recommends the resolution as set out in Item No. 6 of the Notice for approval of the Members as an ordinary resolution.

Item no. 7 : Approval of material Related Party Transactions

As per the provisions of section 188 of the Companies Act, 2013 ('the Act'), transactions with related parties which are undertaken on an arm's length basis and in the ordinary course of business, are exempted from the obligation of obtaining prior approval of shareholders. However, with effect from 1st April 2022, Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), mandates prior approval of the shareholders through an ordinary resolution for all 'material' related party transactions. For this purpose, a transaction with a Related Party shall be considered 'material', if such transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed ₹ 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. The Company had sought approval of the shareholders for transactions with Diageo Brands B.V. Netherlands ('DBBV') for Financial Year ('FY') 2023-24 in the Annual General Meeting (AGM) 2023 for an aggregate amount not exceeding ₹1500 crore (Rupees one thousand five hundred crore only). During the FY 2023-24, the aggregate amount of the transactions against the aforesaid approval were ₹ 843.73 crore. For the FY 2023-24, the Company had sought shareholders' approval for ₹ 1500 crore in anticipation of robust demand for Bottled in India (BII) and Bottled in Origin (BIO) brands in India. However, the Company has optimized the inventory holding level in terms of BII as well as BIO brands which led to significantly lower level of procurement of finished goods and bulk scotch from DBBV. In this process, it bolstered the Company's efforts in savings of working capital. The Company based on the current demand trend has re-assessed the demand for FY 2024-25. The transactions with DBBV for FY 2024-25 are expected to cross the materiality threshold of ₹ 1000 crore and hence proposal to seek approval from the shareholders for ₹ 1266 crore is being placed before the shareholders.

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Detailed Background:

The Company and DBBV are step-down subsidiaries of Diageo plc, a global leader in beverage alcohol with an outstanding collection of brands. Over the last 8 years, the Company's arrangements with DBBV have contributed to its premiumisation journey and in the process, has improved the overall profitability of the Company.

The following categories of arrangements/transactions with DBBV are being placed before Members for their approval:

a. Approval for procuring BIO (Bottled in Origin Brands) for distribution in India Market:

Pursuant to approval of shareholders obtained on 9th January 2015, Company had entered into distribution agreement with various Diageo entities viz. -(1) Diageo Scotland Limited; (2) Diageo Brands B.V.; (3) Diageo North America Inc.; (4) Justerini & Brooks Limited; (5) R & A Bailey & Co.; (6) Diageo Chateau & Estates Wine Company; and (7) Diageo Ireland. This is for distribution of Diageo's Bottled In Origin (BIO) products such as Johnnie Walker, Tanqueray, Baileys, Talisker, Singleton and other products. These are finished products, majority of which are distilled, matured and bottled in Scotland. Though agreement was executed with abovementioned seven entities, import documentation and invoicing are routed through DBBV as it acts as a trade service provider to all Diageo entities for intercompany BIO procurements. This is practiced for simplification of process and providing one face to the buying entity. The arrangement covers both existing and future BIO brands. Company is also entitled to return/re-export these BIO products to DBBV in the event of any business exigencies. The BIO portfolio of Diageo's products enjoys immense brand equity worldwide including India with a rich legacy built over decades. The intellectual property over these products is owned by Diageo group and Company has the exclusive right to distribute the same in India.

Arm's length basis

In accordance with globally applicable transfer pricing principles, the Company earns an arm's length operating margin (Earnings Before Interest and Taxes or EBIT) from this arrangement. A periodic true up mechanism has been put in place to ensure adherence to the above pricing principles. Hence, this arrangement is on an arm's length basis.

Ordinary course of business

The following factors were considered in concluding that the above RPT is in the ordinary course of business of the Company:

1. The transaction is covered in the objects clause of the Memorandum of Association (MOA) of the Company.
2. The transaction is in furtherance of the business of the Company.
3. The transaction is normal / routine for the Company's business.
4. The transaction is repetitive / frequent.
5. The Company has historically been undertaking this transaction with DBBV from 2015 and the shareholder approval is being sought now since the value exceeds ₹ 1000 Crores (i.e. this is a Material RPT).
6. The income pursuant to this RPT is considered as business income of the Company in its books of accounts.
7. Such transactions are common in the industry in which the Company operates.

b. Approval for procuring Bulk scotch for manufacturing Diageo Brands in India – Bottled in India (BII) brands

Pursuant to approval of shareholders obtained on 9th January 2015, Company has been distributing Diageo's Bottled In India (BII) brands such as VAT 69, Black & White and other products. As part of this arrangement, DBBV supplies bulk scotch to the Company who in turn bottles the same in India at its own/third party's manufacturing facility. The arrangement covers both existing and future BII brands. The BII portfolio of Diageo's products enjoys immense brand equity worldwide including India with a rich legacy built over decades. The intellectual property over these products is owned by Diageo group and Company's responsibility include bottling and distributing these products on an exclusive products.

Arm's length basis

In accordance with globally applicable transfer pricing principles, Company earns an arm's length operating margin (Earnings Before Interest and Taxes or EBIT) from this arrangement. A periodic true up mechanism has been put in place to ensure adherence to the above pricing principles. Hence, this arrangement is on an arm's length basis.

Ordinary course of business

The following factors were considered in concluding that the above RPT is in the ordinary course of business of the Company:

1. The transaction is covered in the objects clause of the MOA of the Company.
2. The transaction is in furtherance of the business of the Company.

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3. The transaction is normal / routine for the Company's business.
4. The transaction is repetitive / frequent.
5. The Company has historically been undertaking this transaction with DBBV from 2015 and the shareholder approval is being sought now since the value exceeds ₹ 1000 Crores (i.e. this is a Material RPT).
6. The income pursuant to this RPT is considered as business income of the Company in its books of account.
7. Such transactions are common in the industry in which the Company operates.

c. Approval for Import of Bulk Scotch for manufacturing USL brands

Company also manufactures and markets its own scotch whisky in India. These brands include Black Dog, a premium whisky with a high brand recall in India. As per the industry convention, a scotch needs to be matured for a minimum period of 3 years in Scotland. Accordingly, in 2017, Company had approved for procurement of bulk scotch from Diageo Scotland Limited for using in blends of prestige and above segment whisky portfolio. Though agreement was executed with Diageo Scotland Limited, import documentation and invoicing are routed through DBBV as it acts as a trade service provider to all Diageo entities for intercompany bulk procurements. This is practiced for simplification of process and providing one face to the buying entity. Diageo as a global leader in scotch is able to provide supply security to the Company. The intellectual property over these products is owned by the Company.

Arm's length basis

In accordance with globally applicable transfer pricing principles, DBBV sells the bulk scotch to Company at arm's length price. A periodic true up mechanism has been put in place to ensure adherence to the above pricing principles. Hence, this arrangement is on an arm's length basis.

Ordinary course of business

The following factors were considered in concluding that the above RPT is in the ordinary course of business of the Company:

1. The transaction is covered in the objects clause of the MOA of the Company.
2. The transaction is in furtherance of the business of the Company.
3. The transaction is normal / routine for the Company's business.
4. The transaction is repetitive / frequent.
5. The Company has historically been undertaking this transaction with DBBV and the shareholder approval is being sought now since the value exceeds ₹ 1000 Crores (i.e. this is a Material RPT).
6. The income pursuant to this RPT is considered as business income of the Company in its books of account.
7. Such transactions are common in the industry in which the Company operates.

d. Availing/rendering of any kind of service(s), or any other transaction(s) for transfer of resources, services or obligations and other reimbursements ('Residual RPTs').

In addition to the above and as is the common practice within a multinational group, Company could either avail of services from / render services to DBBV (or party to a number of intercompany service transactions).

The key service transaction categories include:

1. reimbursement/recovery of expenses including for the following-
   - i. additional clearance cost or delivery/handling charges in respect of procurement
   - ii. demurrage or detention charges of material
   - iii. additional shipping cost or any other freight component
   - iv. additional cost of rework due to improper stacking, packaging or loading
   - v. pertaining to availing/rendering service from registered global vendors of Diageo group, business shared services etc.
   - vi. other general cost (e.g. travel, award, rent, electricity, other facility cost etc.).
2. information system support services,
3. share scheme cost recharges,
4. international assignee cost recharges,
5. management or consultancy service
6. regional functions support and services, global procurement services,
7. other back-office support service

As part of its routine business operations, The Company may undertake either of these transactions with DBBV. These transactions are largely initiated based on the business requirements. Such arrangements help to realize economies

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of scale, cost savings, talent development etc. for constituents of a multinational group. Aggregate of all transactions in this category are expected to be within a sum of ₹ 19 crore.

Arm's length basis

In accordance with global transfer pricing policy, the service provider shall bill the service recipient the cost incurred for the service plus an arm's length mark-up, wherever applicable.

Ordinary course of business

Rendering of / availing aforesaid services from companies forming part of the same group is a common practice followed by multinationals. Such transactions are in furtherance of the business of the Company and are normal/routine for the Company's business. Company has been historically undertaking such transactions with DBBV. Hence, the arrangement is in the ordinary course of business.

Benefit to the Company from these RPTs

The quantum of the benefits realised by the Company from these RPTs is subject to multiple factors including market conditions, demand and supply, structural shifts in the Indian alcohol industry, seasonal variations and other external conditions. Distribution by the Company in India of such premium brands owned by Diageo has positively contributed to the premiumisation journey of the Company in line with the evolving Indian market's strategic shift towards premium products. Such distribution has also contributed to absorption of fixed costs incurred by the Company by realising synergies including in areas of manufacturing, marketing, distribution, overheads etc. Further, these arrangements enable the Company to enhance its overall return on Invested Capital (ROIC) and an increase in Earnings Before Interest, Depreciation and Amortisation (EBITDA) per case.

In view of the compelling business rationale, Independent directors are of the view that these RPTs are in the best interest of the Company.

The pricing arrangements between DBBV and the Company for the related party transactions are governed by internationally accepted transfer pricing methodology and are subject to regulatory scrutiny by tax authorities of both entities. The transactions have been confirmed as being undertaken at arm's length by independent professionals and do not yield any undue benefit to either party.

The terms and conditions of the proposed RPTs are not unfavourable to the Company, when compared to the terms and conditions of similar transactions, entered into between two unrelated parties.

Given the above factors, the RPTs would benefit the Company as a whole and its shareholders (including the minority shareholders) and there is no incremental benefit to the controlling shareholder or any other specific shareholder of the Company.

Mechanism

The actual export/dispatch of BIO, BII and bulk scotch is undertaken by Diageo Scotland Limited which acts as a Consignor since the products are manufactured in Scotland. Import documentation and invoicing for the above is done by DBBV which acts as a Seller to the Company (Consignee).

Historical approval of shareholders

The Shareholders of the Company had approved the agreement on 9th January 2015 between the Company and DBBV for the manufacture and distribution of Bottled in India (bulk) products under licence from DBBV in India and the distribution agreement with, inter alia, Diageo Brands B.V., Diageo North America, Inc. and Diageo Scotland Limited for the distribution of bottled in origin products (manufactured by or on behalf of the relevant Diageo brand owner company) in India. The Company had sought approval of the shareholders for transactions with DBBV for FY 2023-24 for an aggregate amount not exceeding ₹ 1500 crore (Rupees one thousand five hundred crore only). During the FY 2023-24, the aggregate amount of the transactions was ₹ 843.73 crore. Approval of the shareholders is now being sought since the value of transactions with DBBV are expected to exceed ₹ 1000 crore during the financial year 2024-25.

Other related party transactions with Diageo group

In addition to the above RPTs, as a good corporate governance practice, Members are being informed that the Company also undertakes other related party transactions with Diageo group entities. All such arrangements are undertaken on an arm's length basis and in the ordinary course of business. Since such transactions are not likely to exceed the relevant thresholds, no separate approval of Members is being sought. The aggregate value of such transactions did not exceed ₹ 90 crore during financial year 2023-24.

The value of RPTs with DBBV for the period commencing from 1st April 2024 till the date of this Notice has not exceeded the threshold of ₹ 1000 crore and the Company will ensure that the same does not exceed the said threshold upto the date of the 25th AGM, i.e. 31st July 2024.

The RPTs carried out with DBBV will be placed before the Audit Committee on a quarterly basis for noting.

Notice (Continued)

Process for dealing with related party transactions

The Company has in place a structured process for approvals with respect to RPTs. As per the process, necessary details of the related party transactions (irrespective of the materiality threshold) along with justifications are provided to the Audit Committee which enables it to arrive at the right decision.

The Audit Committee, after reviewing necessary information provided in the below table, has granted its approval for the above mentioned RPTs. It has noted that the said RPTs are on an arm's length basis and have been undertaken in the ordinary course of business.

The relevant information as required under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended and SEBI circular vide. . SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July 2023 is given below:

Sr. No.	Particulars	Details
1	Name of the Related Party	Diageo Brands B. V., Netherlands (DBBV)
2	Nature of Relationship with the Company, including nature of its concern or interest (financial or otherwise)	Fellow Subsidiary Diageo Relay B.V. holds 55.88% in the Company and does not hold any shares in DBBV. However, Diageo plc is the ultimate holding company of DBBV and the Company.
3	Name of the director or key managerial personnel who is related, if any	Not applicable
4	Type, material terms and particulars of the proposed transaction	I) BIO The Company will import and distribute, inter alia, the BIO following products within India (not limited to brands listed here) (a) Johnnie Walker and related variants; (b) J&B (c) Ciroc (d) Baileys (e) Lagavulin (f) Tanqueray (g) Talisker etc. The Company will abide by the confidentiality, non-compete and protection of intellectual property obligations. All invoices are denominated in Indian Rupees (and hence there is no foreign exchange exposure risk to the Company) with payment term of 120 days. II) BII (for manufacturing Diageo Brands): The Company will manufacture and distribute the following products within India: (a) VAT 69; (b) Black & White; The Company will abide by the confidentiality, non-compete and protection of intellectual property obligations. All invoices are denominated in Indian Rupees (and hence there is no foreign exchange exposure risk to the Company) with payment term of 120 days. III) Bulk Scotch (for manufacturing USL brands): (i) USL shall obtain all necessary licenses or other requisite documents and shall pay all applicable customs, duties and taxes to purchase and import the Spirit. (ii) Risk of damage to or loss of the Spirit shall pass to USL when such Spirit has been delivered in accordance with the agreement. (iii) USL shall pay the full invoice amount as per payment term of 120 days.

Notice (Continued)

Sr. No.	Particulars	Details

		IV) Rendering / Availing services
		• reimbursement/recovery of expenses including for the following-
		  • additional clearance cost or delivery/handling charges in respect to procurement
		  • demurrage or detention charges of material
		  • additional shipping cost or any other freight component
		  • additional cost of rework due to improperstacking, packaging or loading
		  • pertaining to availing/rendering service from registered global vendors of Diageo group, business shared services,
		  • other general cost (e.g. travel, award, rent, electricity, other facility cost etc.)
		• information system support services,
		• share scheme cost recharges,
		• international assignee cost recharges,
		• management or consultancy service
		• regional functions support and services, global procurement services,
		• other back-office support services.

5	Tenure of the proposed transaction	Financial Year 2024-25
6	Value of the proposed Transaction	₹ 1266 crores
7	Any advance paid or received for the contract or arrangement, if any;	Not applicable
8	Percentage of the Company's annual consolidated turnover for the immediately preceding financial year that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);	4.86%
9	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPTs on a voluntary basis	3.99% (for the period July 2022 to June 2023)

Notice (Continued)

Sr. No.	Particulars	Details
10	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary: i. details of the source of funds in connection with the proposed transaction. ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments • nature of indebtedness; • cost of funds; and • tenure; Not Applicable iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.	Not applicable
11	Justification as to why the RPT is in the interest of the Company	As per rationale provided in para above.
12	Details about valuation, arm's length and ordinary course of business	As explained elsewhere in this Explanatory Statement, the RPTs satisfy the arm's length principle and meet the test of being in the 'ordinary course of business.
13	Valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction	Company has obtained report from Ernst & Young LLP confirming that the above arrangement satisfies the principle of arm's length and ordinary course of business. This report is available on the website of the Company at https://media.diageo.com/diageo-corporate-media/media/joihgga4/report-on-rpt-with-dbbv-2024.pdf
14	Any other information relevant or important for the shareholders to take an informed decision	None

None of the Directors or Key Managerial Personnel of the Company or their respective relatives, is concerned or interested in the resolution. Diageo Relay B.V. holds 55.88% in the Company and does not hold any shares in DBBV. However, Diageo plc is the ultimate holding company of DBBV and the Company.

The said transaction(s) have been recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the Members as an ordinary resolution.

It is pertinent to note that no related party of the Company shall vote to approve this resolution whether the entity is a related party to the particular transaction or not.

The counterparty to this related party transaction is a fellow subsidiary of the Company and not a member who is entitled to vote and hence, there is no conflict. The Members may note that in terms of the provisions of the SEBI Listing Regulations, the related parties as defined thereunder (whether such related party(ies) is a party to the aforesaid transactions or not), shall not vote to approve resolutions under Item No. 7.

Notice (Continued)

Item no. 8 : Approval of remuneration payable to Ms. Hina Nagarajan (DIN: 00048506), Managing Director and Chief Executive Officer of the Company for a period of two years.

Ms. Hina Nagarajan was appointed as Managing Director and Chief Executive Officer of the Company for a period of five years w.e.f. 1st July 2021 to 30th June 2026. This appointment was approved by the Members of the Company through a special resolution at their 22nd Annual General Meeting held on 26th August 2021. At the time of her initial appointment, the Company's profits were inadequate as per section 198 read with schedule V of the Companies Act, 2013 ('the Act') due to which the Company had sought approval from the shareholders for payment of remuneration for initial period of three years effective 1st July 2021 to 30th June 2024. Accordingly, approval from the shareholders for the remaining tenure of two years effective 1st July 2024 to 30th June 2026. It may be noted that the Company now has adequate profits as per section 198 read with schedule V of the Act.

Ms. Hina Nagarajan is entrusted with substantial powers of management and responsible for the general conduct and management of the business and affairs of the Company subject to the superintendence, control and supervision of the Board of Directors of the Company.

Ms. Nagarajan holds MBA from the Indian Institute of Management, Ahmedabad, a Commerce Honors degree from Delhi University and a Diploma in Hotel Management from Pusa Institute, Delhi, India. She has over 30 years of experience in Consumer-Packaged Goods business and has held several senior marketing and general management positions at Reckitt Benckiser (RB), Nestle India and Mary Kay India. Before joining Diageo, she was Managing Director, China & Senior Vice President, North Asia with RB. She is known for her passion and drive to deliver results, her ability to build strong teams that deliver outstanding outcomes and her strong commitment to Diageo standards and compliance.

Under the leadership of Ms. Nagarajan, the Company has achieved significant progress in Environmental, Social, and Governance (ESG) initiatives. One of the key initiatives driven by Ms. Nagarajan is the normalization of the alco-bev category, addressing the evolving consumer base and the emergence of women as a new consumer cohort. The Company is developing a more inclusive consumption narrative. Additionally, Ms. Nagarajan is championing Inclusion and Diversity in the workplace. Under her leadership, overall diversity of the Company has increased from 7.5% in 2015 to 27% in 2024. As of today, 50% of the Executive Committee and 30% of the senior leadership team in India are women.

The Company's growth has more than doubled in Financial year(FY) 2021 - 2024 compared to FY 2016-2021. The Company is now a debt free company and has wiped out its accumulated losses. It has resumed dividend distribution after a long hiatus, enabled by a successful turnaround resulting in sustained earnings growth and profitability. Furthermore, the Company's market capitalisation has almost doubled from FY21 levels. As at end of FY24, market capitalisation stood at around ₹ 82,500 crore.

Ms. Nagarajan was recently honoured with several prestigious awards: the Economic Times Corporate Excellence Award for 'Businesswoman of the Year' in 2023, '50 Most Powerful Women in Business' by Fortune India in 2023, 'Most Powerful Women in Business 2023' by Business Today, 'Most Influential Women 2024' by Business World, 'Woman CEO Of The Year 2023' by ET Prime, the 'Icons of Excellence Award' by Forbes India in 2024 and featured in 'The She List' by India Today.

The remuneration paid to Ms. Nagarajan for last three years i.e., in FY 2022, FY 2023 and FY 2024 is ₹ 4,91,20,360, ₹ 11,90,43,225 and ₹ 13,89,31,637 respectively. It may be noted that remuneration paid to Ms. Nagarajan in FY 2022 was for part of the year, effective 1st July 2021.

Further, as approved by the shareholders of the Company in their 22nd Annual General Meeting held on 26th August 2021, the overall limit of remuneration to be paid to Ms. Nagarajan remains unchanged for next two years (1st July 2024 to 30th June 2026) at ₹ 35 crore per annum. The limit of ₹ 35 crore has been stated to inter-alia cover an eventuality of her being entitled to a maximum amount of Annual Incentive Plan (AIP), increase in Stock Appreciation Rights (SAR) pay out and other Long-Term Incentives (LTIs) pay out of Diageo group and any subsequent fixed pay increases. The increase in her fixed pay will be linked to her performance and to ensure that her compensation is benchmarked to employees doing similar roles in the Company's peer group organizations.

It may be noted that SARs and LTIs are granted yearly but are vested after three years. As on the date of expiry of her term she will be holding unvested SARs/LTIs. It is proposed to seek an enabling approval for up to ₹ 20 crore towards appropriate payout on account of the aforesaid instruments subject to the recommendation of the Nomination and Remuneration Committee and approval of the Board.

The Nomination and Remuneration Committee of Directors and the Board of Directors at their meetings held on 23rd May 2024 and 24th May 2024 respectively have considered this proposal and recommended / approved the remuneration proposed to be paid to Ms. Hina Nagarajan, subject to approval of the Members by way of an ordinary resolution.

Except Ms. Hina Nagarajan, and her relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel ("KMP") of the Company and their relatives are, in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 8 of the Notice. None of the Directors and KMP of the Company are inter-se related to each other.

Notice (Continued)

Item 9 : Appointment of Ms. Amrita Gangotra (DIN: 08333492) as an Independent Director of the Company.

Pursuant to section 149, 152 and other applicable provisions of the Companies Act, 2013, ('the Act') Articles of Association of the Company, the Board of Directors at their meeting held on 24th May 2024, based on recommendation of the Nomination and Remuneration Committee ('NRC') and subject to the approval of Members, approved appointment of Ms. Amrita Gangotra (DIN: 08333492) as Non-executive Independent Director of the Company, for a term of five years commencing from 1st September 2024 till 31st August 2029 (both days inclusive) not liable to retire by rotation.

The Company has received the following statutory disclosures / declarations:

i. Form DIR-8 - intimating the Company that she stands free from any disqualification, under section 164(1) and 164(2) of the Act;

ii. Declaration under section 149(7) of the Act and regulation 25(8) of LODR Regulations;

iii. Declaration that she is not debarred from holding the office of director by virtue of any SEBI Order or any other such authority and given her consent to act as Director of the Company;

iv. Confirmation that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge duties as an Independent Director of the Company;

v. A notice in writing by a Member proposing her candidature under section 160(1) of the Act;

vi. Confirmation that she is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, with respect to her registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs;

vii. Form MBP-1 – disclosing her interests in other company(ies) in terms of section 184(1) of the Act.

The Board noted that Ms. Amrita Gangotra brings significant experience in Telecommunications, IT services and FMCG sectors which would immensely benefit the Company operating in a highly regulated industry.

Accordingly, the Board on recommendation of Nomination and Remuneration Committee has determined that the appointment of Ms. Amrita Gangotra would bring significant value and professional expertise to the Company.

There is no inter-se relationship between Ms. Amrita Gangotra and any Directors and Key Managerial Personnel of the Company. The terms and conditions of appointment of Ms. Amrita Gangotra are available for inspection by the Members at the Registered Office of the Company during business hours on all working day till the date of Annual General Meeting.

Except Ms. Amrita Gangotra being an appointee, none of the Directors or Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the above resolution, except to the extent of her shareholding, if any.

Brief profile of Ms. Amrita Gangotra:

Ms. Gangotra is a commercially focused and award-winning technology leader with experience gained in India, UK and Europe of using technology to drive business performance and deliver value in the Telecommunications, IT services and FMCG sectors. Ms. Gangotra embarked on an entrepreneurial career journey in 2019 as Founder and Managing Director of ITyukt Digital Solutions which provides consultancy and advisory services in 5G, IoT, AI / ML based digital transformation for Enterprise. Ms. Gangotra has also served at Vodafone UK as a Head of Enterprise Technology and Vodafone Hungary as the Director Technology. Previous to that, Ms. Gangotra worked with Airtel in multiple senior roles wherein she led the technology and innovation. She was also the CIO & GM-ITSM at HCL Comnet and Senior Project Manager at Nestle. Ms. Gangotra started her career as a Research Officer at Allen Bradley and a Sr. System Manager at HCL Ltd. She has been a member of the executive management team at Bharti Airtel and Vodafone Hungary and possesses the experience of mentoring start-ups and technology advisory for PE funds.

She has held key roles in many business-impacting transformation initiatives including revenue-share IT outsourcing deal for Bharti Airtel with IBM, launch of technology platform for Airtel Payment, creating the IT platform for Global Enterprise business at Vodafone, introducing the tools and organization to support the Digital Telco strategy of Vodafone, CWW and Liberty Global M&A integration, 4G network roll out and preparing for 5G introduction.

She is also an independent board member of multiple listed and unlisted companies including Max Healthcare Ltd., Tanla Platforms Ltd, Triveni Turbine Ltd. and India1 Payment Ltd.

The Board of Directors recommends the resolution as set out in Item No.9 in the Notice for approval of the Members as a Special resolution.

The relevant details, pursuant to regulation 36(3) of the LODR Regulations and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India, in respect of Directors seeking appointment is annexed.

Notice (Continued)

Annexure

Disclosure relating to Directors pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standards on General Meetings:

Agenda Item	Item - 3
Name of Director	Mr. Pradeep Jain
DIN	02110401
Age	56 years
Date of first appointment on the Board	1st February 2023
Expertise in specific functional areas	Finance
Experience	25 years
Brief Resume	Mr. Pradeep Jain is an Executive Director and Chief Financial Officer at United Spirits Limited. He is also a member of Diageo's Global Finance Leadership and Diageo India's Executive Committee. His responsibilities include overseeing Finance, Accounting, Treasury, Tax, Governance, Compliance, Investor Relations, Secretarial, Business Strategy, and IT functions. Mr. Pradeep Jain is also leading Diageo India's digital transformation journey and productivity initiatives to achieve greater performance across the business value chain. An experienced Finance professional, Mr. Pradeep Jain has spearheaded several organisation-wide transformation initiatives from sourcing to consumer fulfilment while scaling ESG performance. A problem-solver, Mr. Pradeep Jain has leveraged data-driven insights and a customer-centric approach to steer the organisation through complex business environments. He is a massive advocate of the people agenda and has worked passionately to build varied capabilities within the finance team. He has been instrumental in establishing governance standards within the Company. Prior to joining Diageo, Mr. Pradeep Jain held leadership positions across well-known organisations such as Eicher Motors, PepsiCo, and Pidilite Industries. As an agile leader, with an outstanding track record of over 25 years across sectors, Mr. Pradeep Jain has a vast experience in general finance and strategic financial planning, treasury, controllership, optimal capital structuring and allocation, global organisation design and performance transformation. He has also played a pivotal role in leading and building large finance teams, and honed their capabilities in pursuance of organisational strategies and future-proofing the organisation. Mr. Pradeep Jain is a Chartered Accountant from the Institute of Chartered Accountants of India and an alumnus of the Shri Ram College of Commerce, Delhi University.
Qualifications	a. Member of Institute of Chartered Accountants of India. b. Bachelor's degree in commerce from the University of Delhi.
Terms and conditions of appointment / re-appointment	Appointment as Whole-Time Director designated as "Executive Director and Chief Financial Officer" for a period of five years from 1st February 2023 to 31st January 2028. As per the resolution passed by the shareholders through postal ballot on 20th April 2023, his office of Directorship was liable for retire by rotation. Accordingly, the resolution is being placed before the shareholders to seek approval for appointment as Director.
Last Drawn Remuneration Details along with remuneration sought to be paid	Last drawn remuneration is ₹ 4,14,77,045 Remuneration will be paid from time to time based on the recommendation of the Nomination and Remuneration Committee and as per the rules/policy of the Company within the overall limit of ₹ 10 crore as approved by the shareholders through postal ballot on 20th April 2023.
No. of Board meetings attended	Mr. Pradeep Jain attended all 5 Board meetings held in the financial year 2023-24.

Notice (Continued)

Directorship held in other Companies (excluding foreign Companies)	Nil
Memberships / Chairpersonships of committees of other companies (excluding foreign companies)	**Member:** a. **United Spirits Limited** i. Risk Management Committee **Chairperson:** Nil
Number of Equity Shares held in the Company (including shareholding as a beneficial owner)	Nil
Inter-se relationship with other Directors and Key Managerial Personnel of the Company	Not related to any director of the Company

Notice (Continued)

Agenda Item	Item - 9
Name of Director	Ms. Amrita Gangotra
DIN	08333492
Age	59 years
Date of first appointment on the Board	Effective 1st September 2024
Expertise in specific functional areas	Kindly refer the explanatory statement to the resolution.
Experience	30 years
Brief Resume	Kindly refer the explanatory statement to the resolution.
Qualifications	a. Master of Science, Operational Research, University of Delhi – Gold Medallist b. Bachelor of Science, Mathematics, University of Delhi
Terms and conditions of appointment/ re-appointment	Appointment as an Independent Director for a period of five years effective 1st September 2024 upto 31st August 2029, not liable to retire by rotation
Last Drawn Remuneration Details along with remuneration sought to be paid	Sitting fees shall be paid for attending Board and Committee meetings, if any, where she is member. Commission as determined by the Board of Directors and approved by the shareholders within permissible threshold limits as per the Act.
No. of Board meetings attended	Not applicable
Directorship held in other Companies (excluding foreign Companies)	**Listed Companies** 1. Triveni Turbine Limited 2. Max Healthcare Institute Limited 3. Tanla Platforms Limited 4. Sterlite Technologies Limited **Unlisted Companies** 1. India1 Payments Limited 2. Valuefirst Digital Media Private Limited 3. Tanla Digital Labs Private Limited 4. Tanla Digital (India) Private Limited 5. Karix Mobile Private Limited
Listed entities from which the Director has resigned from Directorship in the past three years	Nil

Memberships / Chairpersonships of committees of other companies (excluding foreign companies)	**Member:** a. **Max Healthcare Institute Limited** i. Audit Committee ii. Risk Management Committee iii. Corporate Social Responsibility Committee b. **Tanla Platforms Limited** i. Audit Committee ii. Nomination and remuneration Committee iii. Stakeholders Relationship Committee c. **India1 Payments Limited** i. Audit Committee ii. Corporate Social Responsibility Committee d. **Karix Mobile Private Limited** i. Nomination and remuneration Committee ii. Corporate Social Responsibility Committee e. **Tanla Digital Labs Private Limited** i. Nomination and remuneration Committee ii. Corporate Social Responsibility Committee f. **Valuefirst Digital Media Private Limited** i. Audit Committee ii. Nomination and Remuneration Committee iii. Corporate Social Responsibility Committee **Chairperson:** a. **Max Healthcare Institute Limited** i. IT Committee b. **Tanla Platforms Limited** i. Risk Management Committee c. **India1 Payments Limited** i. Nomination and remuneration Committee d. **Triveni Turbine Limited** i. Stakeholder's Relationship Committee ii. Digitisation Committee
Number of Equity Shares held in the Company (including shareholding as a beneficial owner)	Nil
Inter-se relationship with other Directors and Key Managerial Personnel of the Company	Not related to any director of the Company

Board's Report

Dear Members,

Your directors are pleased to present the 25th Board's Report of your Company and the audited financial statements for the year ended 31st March 2024.

₹ in crore

Particulars	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
The working of your Company for the year under review				
Revenue from operations	25,389	27,578	26,018	27,816
Other income	335	74	225	73
Total Income	**25,724**	**27,652**	**26,243**	**27,889**
Total expenses	**24,021**	**26,534**	**24,368**	**26,785**
Share of net loss in associate	-	-	(1)	(1)
Profit before exceptional items and tax	**1,703**	**1,118**	**1,874**	**1,103**
Exceptional items, net	(17)	171	(17)	176
Profit before tax	**1,686**	**1,289**	**1,857**	**1,279**
Total tax expenses	374	237	449	153
Profit for the year	**1,312**	**1,052**	**1,408**	**1,126**
Other comprehensive income:				
Exchange differences on translation of foreign operations	-	-	(1)	(1)
Remeasurements of post-employment benefit plans	(3)	(1)	(3)	(1)
Income tax credit / (charge) relating to these items	1	0	1	0
Total other comprehensive income for the year, net of tax	(2)	(1)	(3)	(2)
Total comprehensive income for the year	**1,310**	**1,051**	**1,405**	**1,124**
Total comprehensive income is attributable to:				
Owners			1,405	1,135
Non-controlling interests			-	(11)
Profit/(loss) available for appropriation	968	(51)	814	(308)
EPS-Basic & diluted (₹)	18.04	14.46	19.83	16.01

During the current year revenue from operations decreased by 7.9% on standalone basis and by 6.5% on consolidated basis. Profit after tax has increased by 24.7% on standalone basis and by 25.0% on consolidated basis. The challenges which United Spirits Limited ('USL' / 'Company') faced during the year and the environment in which the Company operates have been detailed in the Management Discussion and Analysis Report which is forming part of this Annual Report ('Report').

Board's Report (Continued)

1. Performance of the Company

During the year under review, your Company's sales volume was 61.4 million cases resulting in a drop of 15.2% compared to previous year. This is largely on account of the slump sale of the business undertaking in the base year associated with 32 brands and franchising of 11 Popular brands to an unrelated party. The transaction was a conclusion of the strategic review of the select popular segment brands and was approved by the Board on 27th May 2022. The slump sale was concluded by end of September 2022.

Net sales/income from operations (net of excise duties and taxes) of your Company increased by 3.1% in the financial year ended 31st March 2024 which stood at ₹ 10,692 crore (previous year ₹ 10,374 crore). With continuous focus on premiumization, overall Prestige & Above segment represented 82% of total volumes (Vs 66% in the previous year) and 87% of total net sales (Vs 80% in the previous year) during the financial year ended 31st March 2024. The Prestige and Above segment's net sales were up by 11.9% with strong double-digit growth across the higher value sub-segments. The Popular segment represented 18% (Vs 34% in the previous year) of total volumes and 10% (Vs 18% in the previous year) of total net sales during the financial year ended 31st March 2024. The Popular segment's net sales declined by 39.4% during the financial year ended 31st March 2024. The decline this year was largely on account of the slump sale and franchising transaction mentioned above.

2. Material changes and commitments / events subsequent to the date of the financial statements

There have been no material changes and commitments, affecting the financial position of the Company that have occurred between the close of the financial year 2023-24, to which the Financial Statement relate and the date of this Report.

3. Change in nature of business, if any

The Company did not undergo any change in the nature of its business during the financial year. The details of the nature of business are provided in the Management Discussion and Analysis Report and the Report on Risk Management forming part of this Report.

4. Dividend

The Board declared and paid an interim dividend of ₹ 4 per equity share (face value ₹ 2/- each) during the financial year 2023-24. The Board of Directors have also recommended a final dividend of ₹ 5 per equity share (face value ₹ 2/- each) subject to the approval of members at the ensuing Annual General Meeting.

The Company would pay/distribute dividend after deducting applicable withholding taxes. The record date for the final dividend is 12th July 2024 and payment will be made on or after 6th August 2024.

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, ('Listing Regulations') the Board of Directors of the Company (the 'Board') formulated and adopted a new dividend Distribution Policy (the 'Policy'), is made available on website of the Company at https://media.diageo.com/diageo-corporate-media/media/kychm2c0/dividend-policy.pdf

5. Transfer to reserve

During the year under review, there was no amount transferred to the reserves of the Company.

6. Capital

There is no change in the capital during the financial year 2023-24.

7. Details of subsidiary companies and associate companies and their financial position

The performance of subsidiaries, associate company and joint venture company and their contribution to the overall performance of the Company is covered as part of the consolidated financial statement. The salient features of the financial statement of the subsidiary and associate company(s) is appended in form AOC-1 to this Report as Annexure–1. Out of nine subsidiary companies, eight subsidiary companies were non-operative.

i. Royal Challengers Sports Private Limited (RCSPL), a wholly owned subsidiary of your Company, reported a revenue from operations of ₹ 635 crore during the financial year which has grown by 160%, primarily on account of increase in central rights income from the Board of Control for Cricket in India (BCCI). During the financial year, RCSPL reported a profit of ₹ 222 crore against the loss of ₹ (12) crore in the previous financial year, primarily on account of profit from increase in central rights income. RCSPL had declared and paid an interim dividend aggregating to ₹ 125 crore to USL in March 2024.

ii. During the previous financial year, your Company acquired the interest in Nao Spirits & Beverages Private Limited ("Nao Spirits") by investing ₹ 32 crore by

Board's Report (Continued)

subscribing to 8,094 Compulsory Convertible Preference Shares and 4,670 equity shares. During the current financial year, your Company infused additional amount of ₹ 15 crore by subscribing to 6,078 compulsorily convertible preference shares. Your Company holds 30% (FY2023: 22.5%) ownership interest on a fully diluted basis as at 31st March 2024. The Management has considered Nao Spirits to be an associate since the Company has significant influence over its operating and financing decisions.

iii. The Board of directors at their meeting held on 4th April 2024, approved the investment in the Inspired Hospitality Private Limited ("Pistola") by subscribing to 3,494 Compulsory Convertible Preference Shares ("CCPS") and 10 equity shares of Pistola equivalent to 15.0% of its issued and paid-up share capital on a fully diluted basis for an aggregate consideration of ₹ 5.65 crore. The aforesaid transaction was completed on 9th May 2024. The Management has considered Pistola to be a joint venture company.

During the year, the Company has obtained a certificate from the Statutory Auditors certifying that the Company is in compliance with the FEMA Regulations with respect to the downstream investment made in Nao Spirits.

The Company's policy for determining material subsidiaries is available at the Company's website at https://media.diageo.com/diageo-corporate-media/media/fcap5yuo/policy-on-material-subsidiary.pdf

In accordance with the third proviso to section 136(1) of the Companies Act, 2013 ('the Act'), the annual report and financial statements of each of the subsidiary companies have also been placed on the website of the Company at https://www.diageoindia.com/en/investors/subsidiaries-financial.

8. Prospects/Outlook

The details about prospects/outlook of your Company are provided under the Management Discussion and Analysis Report, forming part of this Report.

9. Board meetings, Board of Directors, Key Managerial Personnel & Committees of Directors:

A. (i) Resignation of Mr. John Kennedy

Mr. John Kennedy, Director of the Company, resigned as a Non-Executive Director of the Company effective from end of the day 30th June 2023.

(ii) Appointment of Ms. Emily Kathryn Gibson

Ms. Emily Kathryn Gibson was appointed as Non-Executive Non-Independent Director of the Company with effect from 7th September 2023.

(iii) Appointment of Dr. Indu Bhushan

Dr. Indu Bhushan was appointed as an Independent Director of the Company with effect from 1st March 2024.

(iv) Appointment of Mr. Mukesh Hari Butani

Mr. Mukesh Hari Butani was appointed as an Independent Director of the Company with effect from 1st March 2024.

(v) Re-appointment of Mr. Pradeep Jain

As per the provisions of the Act Mr. Pradeep Jain retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offered himself for re-appointment. Members may please note that Mr. Pradeep Jain, was appointed as an Executive Director and Chief Financial Officer on 1st February 2023. He is not debarred from holding the directorship under any statutory regulations.

B. Independent Directors

Your Company appointed two new Independent Directors namely Dr. Indu Bhushan and Mr. Mukesh Hari Butani during the financial year 2023-24. Criteria for selection/appointment or re-appointment of Independent Directors include skills, expertise, qualifications, experience and domain knowledge of the Director. The required skills of Independent Directors are leadership, managerial experience, diversity, risk management and corporate governance. All our Independent Directors viz., Mr. Mahendra Kumar Sharma, Mr. V K Viswanathan, Mr. D Sivanandhan, Mr. Rajeev Gupta, Dr. Indu Shahani, Dr. Indu Bhushan and Mr. Mukesh Hari Butani possess such the aforesaid skills. In the opinion of the Board, the Independent Directors appointed during the year possess requisite integrity, expertise, experience and proficiency.

The Company at its Board meeting held on 24th May 2024, has also approved appointment of Ms. Amrita Gangotra as an Independent Director of the Company with effect from 1st September 2024. The aforesaid appointment is subject to approval of members at the ensuing Annual General Meeting.

Board's Report (Continued)

C. Declaration by Independent Directors

All Independent Directors have given a declaration pursuant to sub-section (6) of section 149 of the Act. In the opinion of the Board, Independent Directors fulfill the conditions specified in Listing Regulations and are independent of the management.

D. Number of meetings of the Board

The details of the Board Meetings and other Committee Meetings held during the financial year 2023-24 are stated in the Corporate Governance Report which is forming part of this annual report.

E. Board Committees

The Company has the following Committees of the Board:

- Audit Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship and General Committee
- Corporate Social Responsibility and Environmental, Social and Governance Committee
- Committee of Directors

The composition of each of the above Committees, their respective roles and responsibilities are provided in the Corporate Governance Report which forms part of this annual report.

F. Policies

The Company has adopted all policies as required under the provisions of the Act, and Listing Regulations. The same are uploaded on the website of the Company at https://www.diageoindia.com/en/investors/shareholder-centre/policies

G. Recommendations of the Audit Committee and other committees

All the recommendations of the Audit Committee and of the other committees were accepted by the Board.

H. Details of remuneration to Directors

As required under section 197 of the Act information relating to remuneration paid to Directors during the financial year 2023-24 is provided in the Corporate Governance Report.

As stated in the Corporate Governance Report, sitting fees is paid to Independent Directors for attending Board/Committee meetings. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred in attending such meetings. In addition, the Independent Directors are also eligible for commission every year as may be recommended by the Nomination and Remuneration Committee and approved by the Board within the overall limit of ₹ 4 Crore or 1% of the net profits of the Company calculated in accordance with section 198 of the Act, whichever is lower. The approval of the members was sought at the 23rd Annual General Meeting held on 9th August 2022. Criteria for payment of remuneration to Independent Directors are as given below:

i. Membership of Committees

ii. Chairpersonship of the Committees/Board

iii. Board and Committee meeting attendance

iv. Benchmarking with other companies

The Board of Directors have approved payment of commission of ₹ 2,33,00,000 crore to seven Independent Directors after applying the criteria stated above for the financial year 2023-24. The Commission to Dr. Indu Bhushan and Mr. Mukesh Hari Butani was approved on pro-rata basis.

The criteria for payment of remuneration to executive directors is determined by the Nomination and Remuneration Committee based on various criteria. The Company's policy on Directors' appointment and remuneration is available on the Company's website at https://media.diageo.com/diageo-corporate-media/media/chwfdoi0/nomination-remuneration-policy.pdf.

I. Board evaluation criteria

Pursuant to the provisions of the Act and regulation 17 of the Listing Regulations, the Board has carried out an annual performance evaluation, based on parameters which, inter alia, include performance of the Board on deciding strategy, rating the composition & mix of board members, discharging of their duties, handling critical issues, contribution made at the Board meeting, attendance, instances of sharing information on best practices applied in other industries, domain knowledge, vision, strategy and engagement with senior management etc.

Board's Report (Continued)

The Independent Directors at their separate meetings, review the performance of non-independent directors and the Board as a whole. Chairperson of the Company after taking into account the views of executive directors and non-executive directors, reviews the quality, quantity and timeliness of flow of information between the management and the Board, for the Board to effectively and reasonably perform their duties. Based on the outcome of the performance evaluation exercise, areas have been identified for the Board to engage itself with and the same would be acted upon.

The details of the evaluation process are set out in the Corporate Governance Report which forms part of this annual report.

J. Meeting amongst Independent Directors

Schedule IV of the Act, Listing Regulations and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non-Independent Directors.

The Independent Directors met amongst themselves without the presence of any other persons on 17th May 2023, 19th July 2023, 7th November 2023 and 19th January 2024.

10. Vigil Mechanism

Your Company has established whistle-blower mechanism known as SpeakUp, which is being independently operated by an independent agency. We encourage our employees or representatives acting on behalf of the Company, to raise the concerns through this mechanism, apart from other internal reporting channels viz. Line Manager, HR Business Partner, Legal Business Partner and Business Integrity partner.

The SpeakUp channel is available on the Company's website at https://www.diageoindia.com/en/about-us/corporate-governance/speak-up with services available in English and 5 other regional languages, and compliance concerns can be raised by any aggrieved person through web page or toll-free number.

The quality of investigation reports and remedial actions are reviewed and monitored by the Global Business Integrity team and Diageo India Business Integrity team. The decision on sanctions on the reported breaches are determined and monitored by a Compliance Committee for significant breaches and the Grievance Committee for other breaches, ensuring there is a collective, transparent and an unbiased decision-making process and that consistent action is undertaken in a timely manner to resolve the identified breaches.

A structured Breach Management Standard is in place which is in line with the Global Standard, for timely and conclusive resolution of compliance concerns raised through the whistle blower mechanism.

This vigil mechanism has been established to provide adequate safeguards against the victimization of employees, who avail this mechanism for reporting complaints and grievances in good faith and without fear of being punished for doing so. Access to the Chairperson of the Audit Committee is provided as required under the Act and the Listing Regulations.

11. Related party transactions

The Company's policy on dealing with related party transactions was adopted by the Board on 15th June 2015 and further amended from time to time. This policy is available on the Company's website at https://media.diageo.com/diageo-corporate-media/media/1nbled1w/rpt-policy_april-2022.pdf.

The disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Act in Form AOC-2 pursuant to section 134(3)(h) of Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the Annexure-2 to this Report.

All related party transactions that were entered into during the financial year 2023-24, were at arm's length basis and were in the ordinary course of business. There were no material significant related party transactions entered into by the Company with promoters, directors, key managerial personnel or other designated persons which may have a conflict of interest with the Company at large. Pursuant to Listing Regulations, the resolution for seeking approval of the members on material related party transaction is being placed at the 25th AGM of the Company.

12. Auditors and Audit Reports

i) Financial audit

M/s. Price Waterhouse & Co. Chartered Accountants LLP (FRN 304026E/E-300009) Statutory Auditors of your Company, were re-appointed for a second term of five years as Auditors of your Company from the conclusion of the 22nd AGM held on 26th August 2021 till the conclusion of 27th AGM of the Company required under section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014.

Board's Report (Continued)

The statutory auditors have given unqualified opinion on the financial statements for the financial year ended 31st March 2024.

ii) Secretarial Audit

Pursuant to section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit has been carried out by Mr. Sudhir V Hulyalkar, Practicing Company Secretary (FCS: 6040 and CP No. 6137) and his report is annexed as Annexure–3.

The secretarial Audit report does not contain any qualification, reservation or adverse remark or disclaimer.

In addition, Pursuant to Regulation 24A of the Listing Regulations, the Secretarial Compliance Report for the financial year ended 31st March 2024, in relation to compliance of all applicable SEBI Regulations/circulars/guidelines issued thereunder, is annexed as Annexure–3A. The Secretarial Compliance Report has been voluntarily disclosed as part of this Report as good governance practice. The said report has been submitted to the stock exchanges and is also available on the Company's website at https://www.diageoindia.com/en/investors/shareholder-centre/notice-board

(iii) Cost audit

The Company is maintaining requisite cost records for its applicable products. M/s. Rao, Murthy & Associates, Cost Accountants, were appointed as cost auditors for the applicable products of the Company for the financial year 2023-24. They are required to submit the report to the Central Government within 180 days of the end of the financial year.

13. Reporting of fraud by Auditors

During the year under review, neither the statutory auditors nor the secretarial auditor have reported to the Audit Committee or the Board, under section 143(12) of Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in this Report.

14. Corporate governance

A Corporate Governance Report for the year under review is annexed separately which forms part of this annual report. Board confirms compliance with the Secretarial Standards.

15. Management discussion and analysis report

The Management Discussion and Analysis Report for the year under review is annexed separately which forms part of this annual report.

16. Fixed deposits

During the year the Company has not accepted any fixed deposits, including from public and no amount of principal or interest is outstanding and due to be transferred to Investor Education and Protection Fund (IEPF).

17. Annual return

In accordance with section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, a draft annual return in e-form MGT-7 for financial year 2023-24 uploaded on Company's website https://media.diageo.com/diageo-corporate-media/media/tnbnohj0/draft-annual-return-2023-24.pdf.

Members may also note that the annual return uploaded on the website is a draft and the final annual return will be uploaded after the same is filed with the Ministry of Corporate Affairs ('MCA').

18. Transfer to Investor Education and Protection Fund (IEPF)

No unclaimed dividend and shares were required to be transferred to IEPF during the year ended 31st March 2024 to IEPF pursuant to section 124 of the Act.

19. Human resources

Employee relations remained cordial at all the locations of the Company. Particulars of employees drawing an aggregate remuneration of ₹ 1,02,00,000/- or above per annum or ₹ 8,50,000/- or above per month, as well as additional information on employee remuneration as required under the provisions of rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as part of this Report in Annexure–4 hereto.

20. Employees stock option scheme

Your Company has not offered any stock options to its employees during the financial year 2023-24 within the meaning of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

21. Particulars of loans, guarantees and investments

Loans, guarantees and investments covered under section 186 of the Act are detailed in Notes to the financial statements under Note 4 relating to investments and Note 5 relating to loans given as per the standalone financial statements for the year ended 31st March 2024.

The Board of directors at their meeting held on 4th April 2024, approved the investment in Pistola by subscribing to 3,494

Board's Report (Continued)

Compulsory Convertible Preference Shares ("CCPS") and 10 equity shares of Pistola equivalent to 15.0% of its issued and paid-up share capital on a fully diluted basis for an aggregate consideration of ₹ 5.65 crore. The aforesaid transaction was completed on 9th May 2024.

The Company also further invested by subscribing to 6,078 Compulsory Convertible Preference Shares ("CCPS") for an aggregate consideration of ₹ 15 crore in Nao Spirits & Beverages Private Limited, an associate company. The Company's shareholding in Nao Spirits & Beverages Private Limited has increased to 30% of the equity share capital on a fully diluted basis.

22. Risk management

Details on Risk Management is annexed as Annexure-5 to this Report.

23. Internal financial controls

During the year under review, Governance Risks and Controls (GRC) team has conducted detailed review of policies as per the direction of the management of the Company, to simplify the process and ensuring adherence. The GRC team also undertook comprehensive review of existing controls (SOX & non-SOX controls) and added attributes wherever required to ensure that controls are in alignment with the laid down policies and practices and meeting the global benchmark. It has been shared with the statutory auditors and obtained their confirmation. The Board after considering the materials placed before it reviewed the confirmation received from external parties and reviewed the effectiveness of the policies and procedures adopted by the Company for ensuring orderly and efficient conduct of its business, including adherence to Company's policy, safeguarding its assets, prevention and detection of frauds and errors and completeness of accounting records and timely preparation of financial statements. The Board has satisfied itself that the Company has laid down internal financial controls which are commensurate with the size of the Company and that such internal financial controls are broadly adequate and are operating effectively. The certification by the statutory auditors on internal financial control forms part of the audit report. A statement to this effect is also appearing in the Directors' Responsibility Statement.

24. Corporate social responsibility

Information on the composition of the Corporate Social Responsibility and Environmental, Social and Governance Committee (CSR & ESG) is provided in the Corporate Governance Report that forms part of this annual report. Furthermore, as required by section 135 of the Act and the rules made thereunder, additional information on the policy and implementation of CSR activities by your Company during the year are provided in Annexure-6 to this Report.

25. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars prescribed under section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out in Annexure-7 to this Report.

26. Details of significant and material orders passed by the regulators or courts impacting the going concern status and Company's operations in future pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014

The Company has not received any significant or material order passed by regulators or courts or tribunals impacting the Company's going concern status or the Company's operations in future. The details of notices received from regulatory authorities and related matters have been disclosed as part of note no. 40 to the audited standalone financial statements for the year ended 31st March 2024 and as note no. 41 of the consolidated financial statements for the year ended 31st March 2024.

27. Disclosure as required under section 22 of Sexual Harassment of Women at Workplace (prevention, prohibition and redressal) Act, 2013

As per requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (SHWWA), the Company has designed and implemented a comprehensive policy and framework to promote a safe and secure work environment, where every person at the workplace is treated with dignity and respect. Moreover, the Company's policy is inclusive and gender neutral. Further, the complaint redressal mechanism detailed in the policy ensures complete anonymity and confidentiality to the parties.

Internal Committees (IC) have been constituted and each Internal Committee has appointed members who are employees of the Company and an independent external member, having extensive experience in the field. The Internal Committees meet on a half yearly basis to discuss matters on policy awareness, best practices, judicial trends, etc. During the year, Internal Committees have also been trained on nuances of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Internal Committees' role is to consider and resolve the complaints reported on sexual harassment at workplace. Investigation is conducted and decisions are made by the Internal Committees at the respective location, and a senior woman employee is the presiding officer on every case.

i) Number of complaints filed during the financial year: 2 (Two) complaints received

Board's Report (Continued)

ii) Number of complaints disposed off during the financial year: 3 (Three) [One complaint received in the previous financial year]

iii) Number of complaints pending as on end of the financial year: None

To build awareness in this area, the Company has been publishing newsletters, emailers, posters, conducting online training modules and monthly induction training for newly joined employees. Besides the refresher, virtual training programs are conducted in the organization on a continuous basis for employees (including blue collared employees), consultants, contractual employees and permanent/contractual workers in regional languages. The Internal Committee has also conducted informal sessions to check the pulse at the grassroot levels.

28. Business Responsibility and Sustainability Report (BRSR)

Business Responsibility and Sustainability Report (BRSR) in accordance with the Listing Regulations, the BRSR along with the reasonable assurance report on BRSR Core KPIs for FY 2023-24 is being finalised and the same will be made available on the website of the Company at https://media.diageo.com/diageo-corporate-media/media/u15nzkdc/reasonable-assurance-report-on-brsr-core-kpis-and-business-responsibility-sustainability-report-2023-24.pdf

29. Other Disclosures

a. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

b. The Company has not issued any sweat equity shares to its directors or employees.

c. No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable.

d. The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable.

e. There are no deposits accepted by Company which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

30. Directors' responsibility report

Pursuant to section 134 (5) of the Act in relation to financial statements (together with the notes to such financial statements) for the financial year 2023-24, the Board of Directors report that:

(i) in the preparation of the annual accounts for the financial year 2023-24, the applicable accounting standards have been followed and there is no material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2024 and of the profit of the Company for year ended on that date;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the financial statements on a going concern basis;

(v) the Directors have laid down internal financial controls to be followed by the Company commensurate with the size and nature of its business and the complexity of its operations and that such internal financial controls are adequate and are operating effectively.

(vi) Proper systems have been devised to ensure compliance with the provisions of all applicable laws by implementing an automated process having comprehensive systems and securing reports of statutory compliances periodically from the functional units and that such systems are adequate and are operating effectively.

The Board of Directors place on record sincere gratitude and appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

The Board conveys its appreciation for its customers, shareholders, suppliers as well as vendors, bankers, business associates, regulatory and government authorities for their continued support.

By Order of the Board
Mahendra Kumar Sharma
Chairperson
DIN: 00327684

Place: Mumbai
Date: 24th May 2024

Management Discussion and Analysis

ECONOMIC SCENARIO

Global Economy

The global economy demonstrated remarkable resilience with steady but slow recovery differing by regions. The journey has been eventful, starting with supply-chain disruptions in the aftermath of the pandemic, a Russian-initiated war on Ukraine that triggered a global energy and food crisis, and a considerable surge in inflation, followed by a globally synchronised monetary policy tightening. Yet, despite many gloomy predictions, the world avoided a recession, the banking system proved largely resilient, and major emerging market economies did not suffer sudden stops. Moreover, the inflation surge – despite its severity and the associated cost-of-living crisis – did not trigger uncontrolled wage-price. Instead, almost as quickly as global inflation went up, it has been coming down. With inflationary pressures abating more swiftly than expected in many countries, risks to the global outlook are now broadly balanced compared with last year.

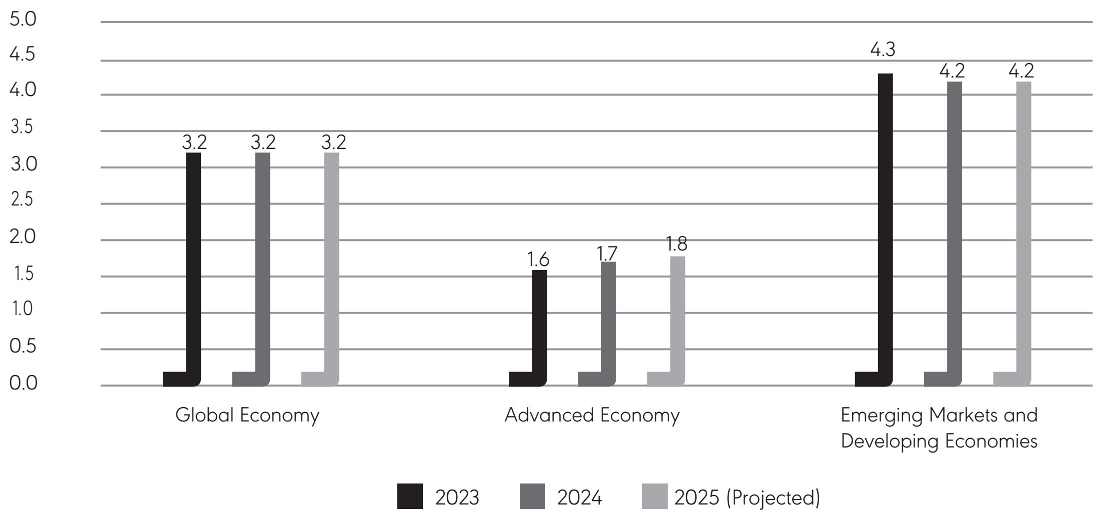
Multilateral co-operation is needed to limit the costs and risks of geoeconomic fragmentation and climate change and speed the transition to green energy.

Global growth is estimated at 3.2% for 2023. Several factors such as ongoing geopolitical conflicts, higher inflation, a sluggish recovery in China, volatility in energy and food markets, and higher interest rates, have contributed to a moderation in global economic growth. Despite these challenges, indications of stable growth, a robust economic performance in the United States and several large emerging market and developing economies, along with inflation returning to target levels in advanced economies, suggest a diminished probability of a severe economic downturn. Furthermore, other positive factors shaping the global economy include the fading of prior energy price shocks and a notable resurgence in labour supply in many advanced economies.

Global inflation, a prominent concern over the past three years, continues to decline at a faster pace than initially anticipated. Global headline inflation is expected to decline steadily from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025. While headline inflation has sustained a decline from its unprecedented peaks, core inflation has proven to be sticky and is expected to decline gradually. The ongoing disinflationary trend has instilled hope for further easing of financial conditions and the improvement of monetary policy frameworks.

Despite the challenges posed by the escalation of geopolitical conflicts in the Middle East and along the Red Sea route, which could potentially heighten the risks of supply disruptions, the global economy is expected to sustain its resilience in 2024. Global growth is expected to persist at 3.2% for both 2024 and 2025. Advanced economies (AEs) are projected to witness a modest uptick in growth, primarily driven by a rebound in the euro area following subdued growth in 2023, while emerging market and developing economies (EMDEs) are anticipated to maintain stable growth in 2024 and 2025, albeit with regional variations.

Global Economic Growth (%)



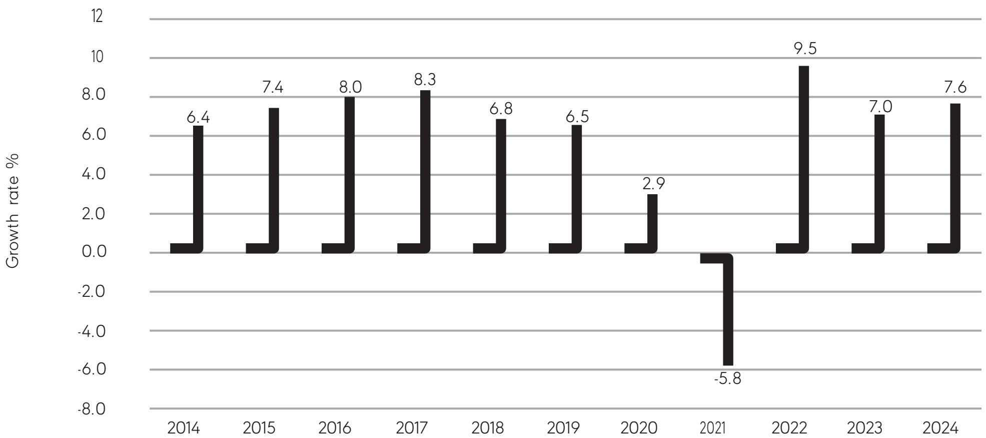
(Source: IMF World Economic Outlook, April 2024)

Management Discussion and Analysis (Continued)

Indian Economy

Amid a volatile global economic landscape, India shines as a beacon of optimism, retaining its position as the world's fifth- largest economy. As per the Second Advance Estimates of National Income, India's GDP growth remained strong at 7.6% in FY 2023-24 as against 7.0% in FY 2022-23, supported by buoyant domestic demand, moderate inflation, a stable interest rate environment, and strong foreign exchange reserves. Furthermore, a double-digit growth rate of 10.7% in the Construction sector and an 8.5% growth rate in the Manufacturing sector have contributed to the GDP growth in FY 2023-24.

India's GDP Growth Rate (%)



(Source: Ministry of Statistics and Programme Implementation; Tradingeconomics.com)

The growth observed in the Index of Industrial Production (IIP), Goods & Services Tax (GST) collections, manufacturing Purchasing Managers' Index (PMI), per capita income, and increasing private capital expenditure collectively indicate strong economic momentum. The surge in disposable income has led to an upswing in household consumption in urban and rural regions and fuelled demand across sectors.

Despite repetitive food price shocks, retail inflation is on a downward trajectory and eased to 4.85% in March 2024. The RBI keeps the policy repo rate unchanged at 6.50% and remains vigilant to take effective measures to achieve the target of 4% inflation while supporting economic growth.

India's economic outlook remains positive, supported by stronger consumer demand, increased capital expenditure, improving prospects of rural consumption due to easing inflation, enhancements in physical and digital infrastructure, increased spending in an election year, and proactive government policy measures. According to the IMF, the Indian economy is expected to grow steadily at 6.8% in 2024 and 6.5% in 2025. Furthermore, the Interim Budget 2024-25 lays the foundation for achieving the vision of a developed and self-reliant India by 2047. It outlines a comprehensive economic management strategy, including infrastructure development, digital public infrastructure, taxation reforms, and proactive inflation management.*

INDUSTRY OVERVIEW

India is one of the fastest growing and most diverse alcoholic beverages market globally. The alcoholic beverage sector has a high-growth potential given the favourable demographics and increasing social acceptance. The alcoholic beverages (alcobev) industry in India has experienced remarkable growth in recent years. This growth can be attributed to several factors, such as rapid urbanisation, evolving consumer preferences, a youthful demography, a burgeoning middle-class population with greater purchasing power and the growing preference for premium alcoholic beverages among consumers. Additionally, the increasing variety in the flavours of alcoholic drinks, along with expanding product portfolio by manufacturers, is poised to stimulate growth in the alcohol market.

**(Source: Ministry of Statistics & Programme Implementation Bureau, The National Statistical Office (NSO), Reserve Bank of India, Ministry of Finance, IMF World Economic Outlook April 2024)*

Management Discussion and Analysis (Continued)

Alcohol consumption surged across various demographics, as a growing number of individuals, both men and women, entered the legal drinking age. The legal drinking age in India varies from 18 - 25 years, depending on the state, highlighting the conducive environment for the alcohol market's robust growth.

The consumer landscape in India has traditionally been a classic "pyramid", with a large number of households with low incomes forming the base, and a small number of households with large incomes the pinnacle. With growth being fueled by both the economic development and the demographic dividend, India has seen this classic pyramid morph into a diamond shape with the emergence of a rapidly growing "middle class" and the consumer landscape segmenting into three distinct groups – Affluent, Middle and Aspiring - each with distinct consumption drivers and needs.

Market segmentation: The Indian Alcobev industry is segmented into IMFL (Indian Made Foreign Liquor), IMIL (Indian Made Indian Liquor), Wine, Beer and imported alcohol. Whiskey dominates the Indian spirits industry by a very wide margin.

Consumption pattern: The states of Karnataka, Maharashtra, West Bengal, Odisha, Telangana, Delhi, Haryana, Punjab, etc. are among the largest consumers of Alcobev in India. Liquor stores serve as the predominant sales channel nationwide, especially since Alcobev consumption primarily occurs outdoors, with supermarkets and malls mainly concentrated in tier I and tier II cities of India.

While the average per-adult alcohol consumption in India remains considerably low compared to countries like the United States, there is a notable prevalence of drinkers among young Indians. This presents a tremendous opportunity to propel the growth of the Alcobev industry, on the back of the expanding working-age population. Anticipated shifts in lifestyle and aspiration among Indians are expected to increase per capita consumption in line with global trends & huge penetration headroom.

The Alcobev industry in India is thriving and is well-positioned for continued growth in the future, driven by the increasing popularity of alcoholic beverages among consumers and growing urban population. India presents robust growth opportunities for the Alcobev industry in the coming years, fuelled by positive demographics, premiumisation, and greater acceptance of alcoholic beverages in social circles, a sophisticated retail channel and an experimentative consumer base who is ready to explore.

USL has an excellent platform in place to capitalise on this opportunity with its comprehensive end-to-end brand portfolio across all price points. Unlike international and local competitors, who focus solely on specific segments, USL's portfolio encompasses numerous major brands, which had been under-invested in the years prior to acquisition by Diageo PLC.

These brands combined with Diageo brands, benefit from USL's leadership position in sales and distribution (with the largest share of retail business), extensive manufacturing network (~36 sites across most Indian states) and proven capability to operate effectively in a highly complex and regulated market, serving as a distinct differentiator.

The industry did experience a slowdown in FY 2023- 24, in-line with broader consumption trends and other adjacent consumer focused industries, attributed to higher inflation and consequent financial strain on consumers. However, unlike the larger fast moving consumer goods (FMCG) space, where inflation prompts a shift towards lower-priced alternatives and smaller packaging format, the alcoholic beverage industry has not witnessed significant downtrading. On the contrary, there is a shift towards more selective consumption habits, with reduced occasions of consumptions, while consumers maintaining their preference for specific brands. Notably, due to the K-shaped economic growth pattern, where the wallets of middle-income individuals are strained, but affluent consumers remain relatively insulated, the trend of premiumisation persists in the industry, with higher-priced segments exhibiting faster growth compared to lower-priced segments.

INDIAN SPIRITS MARKET OVERVIEW

India remains an attractive market with stable macroeconomic environment and favourable demographics. As a promising total beverage alcohol (TBA) marketplace, it capitalises on its status as one of the largest whiskey markets by volume. It also ranks among the countries with the lowest per capita TBA consumption globally, indicating substantial potential for expansion.

One of the key trends in the Indian Alcobev market is the increasing consumption of spirits, especially whiskey. The consumption of whiskey has been steadily increasing, propelled by the expanding urban populace and the influence of Western drinking culture. Consequently, there has been a proliferation of whiskey distilleries and a wide range of whiskey brands in the market. Another trend is the escalating demand for flavoured alcoholic beverages. These offerings appeal to younger consumers seeking innovative and enticing flavours. The introduction of new flavours and variants by both domestic and international brands has significantly augmented the growth of this segment. Additionally, the emergence of craft spirits and microbreweries is expected to drive further growth in the industry.

(Source: Statista, CIABC)

Management Discussion and Analysis (Continued)

Evolving consumer preferences, notably among the younger population, are spurring a proliferation of spirit varieties as experimentation gains momentum. Additionally, the rise of artisanal values and local pride are propelling the expansion of the TBA category, especially among more affluent consumers in India. In recent years, Indian Single Malts have risen to nearly the same prominence as Scotch Single Malts, which have enjoyed a presence in India for several decades.

Despite a slowdown in growth compared to the previous two years, which aligns with the larger consumer space, the premiumisation trend persists. There is a continued optimistic outlook for mid to long-term growth, supported by the fact that penetration is only half of that seen in the developed markets, and per capita consumption stands at half to a third of those levels.

Growth drivers: The Indian Alcobev industry offers great potential for spirits companies. The growing young population in India, increasing disposable incomes, favourable demographics, greater acceptance of alcoholic beverages in social circles, the current low per capita consumption, increasing number of pubs and bars, and increasing exposure to imported and premium alcoholic beverages are the major factors stimulating the growth of the Indian Alcobev market. Moreover, with more women entering the workforce and gaining financial independence, there has been a shift in cultural attitudes towards alcohol consumption, leading to increased consumption among women as well, which is expected to further drive the market growth.

The consumption landscape for spirits is evolving, with socialising-led consumption witnessing 1.3 times increase in its share of consumption. This indicates a move towards normalisation and an inflection point for growth within the category. The transition from solitary to shared or social consumption occasions has historically driven substantial growth for many food and beverage companies, a trend that has been notable in the spirits industry over the year.

Growing prevalence of premium Alcobev: Rapid urbanisation is expected to bolster disposable income, which bodes well for industry growth. With more Indians travelling abroad, rising aspirations, favourable environment for imported liquor and higher disposable income, consumers are upgrading towards premium segments in the country. The rise in premiumisation is evident in the heightened focus of major players on semi-premium and premium categories, with increased launches and intensified marketing efforts targeting these categories. Another emerging trend in the Alcobev sector is the increasing popularity of grain-based liquor over the traditionally popular molasses-based liquor.

There is also growth opportunity in new premium categories, which are led by Diageo, through Tequila and craft spirits. Additionally, there is a growing presence of on-trade consumption, gifting, weddings, festivals and special occasions, along with the burgeoning cocktail culture.

REGULATORY SCENARIO IN INDIAN MARKET

Both central and state governments enforce regulatory oversight, imposing numerous restrictions on the production, movement, and sale of Alcobev products. Alcobev also falls under the purview of Food Safety and Standards Authority of India (FSSAI). Moreover, direct advertising of Alcobev products is prohibited in India. Domestic Alcobev players are compelled to establish owned or contract manufacturing setups in every state due to prohibitively high inter- state duties. Licenses are mandatory for the production, bottling, storage, distribution, or retailing of all Alcobev products. Distribution is highly regulated at, both wholesale and retail levels. In states where the government controls pricing, price increases are subject to government notifications. Moreover, controlled pricing presents a substantial challenge in an inflationary environment. Additionally, in states where retailing is controlled by the state government, each player is allocated a specified quota, limiting the potential for expansion for our products. Furthermore, navigating frequent and ad-hoc changes in the route to market presents challenges in the Beverage Alcohol Industry. Recently, alterations in the route to market have occurred in Punjab and Uttarakhand, in addition to regular changes like licence renewals, demanding continual adaptation. These regulations impose significant operational constraints on industry players.

Pricing remains an ongoing challenge for the category, as continuous increase in excise duties result in rising end-consumer prices, without any corresponding benefit to your Company. Although fiscal year 2024 was one of the good years for the Company in terms of securing pricing in several states across India, it was insufficient to offset the impact of inflation.

BUSINESS ANALYSIS COMPANY OVERVIEW

United Spirits Limited (USL/Your Company) is the largest alco beverage company in India and is also among the largest consumer goods companies. Your Company is involved in the manufacture, sale, and distribution of beverage alcohol. It has a comprehensive brand portfolio with over about 63 brands of Scotch whisky, IMFL whisky, brandy, rum, vodka, and gin. 10 of these brands sell more than a million cases annually. Your Company has brands spanning across price points operating in all segments of Popular, Prestige, Premium and Luxury.

Your Company produces and sells around 61 million cases. McDowell's No.1, Royal Challenge, Royal Challenge American Pride, Signature, Antiquity, Black Dog, Director's Special Black, McDowell's

Management Discussion and Analysis (Continued)

Rum & McDowell's Brandy are some of the marquee brands owned by your Company. In addition, your Company also imports, manufactures, distributes, and sells various iconic Diageo brands such as Captain Morgan, Johnnie Walker, J&B, Baileys, Lagavulin, Talisker, VAT 69, Black & White, Smirnoff and Ciroc in India under different licensing agreements.

Your Company has a strong distribution network, and its route to customer is superior in the industry with more than 80% of sales comprise from P&A portfolio out of the total branded spirits sales.

Diageo Relay B V (wholly owned subsidiary of Diageo plc.) holds 55.88% shareholding in your Company. Our new mission is to be the Top Performing CPG Company in India delivering sustained double-digit, profitable top line growth and long-term value creation to all our Stakeholders. For this, the Company has been working on the following three pillars:

Portfolio Re-shape

- Breakout growth on P&A: Accelerate in Luxury & Premium segment, strengthen play in Upper Prestige, Reshape value proposition in Lower & Mid Prestige
- New growth engines and
- Value chain efficiency extraction

Be an Organisation of the Future

- Digital Acceleration
- Talent & Culture as growth drivers
- Speed & Simplicity

Diageo in Society

- Driving ESG from grain-to-glass
- Moving India towards 'Drink Better, not More'
- Leading in Inclusion & Diversity

Your Company has been striving hard with a strong focus on premiumisation and at the same time also trying to maximise value from brands in the popular segment.

2598	36	70,000
Employees	Facilities	Distribution outlets

Strengths

Your Company has 7 trademarks which sell more than a million case every year, of which 1 sells more than 30 million cases annually. The Company's export business is also growing.

Your Company has pan-India manufacturing presence with 36 facilities and robust distribution network of more than 70,000 outlets, which provide access to vendors, suppliers, and distributors.

With high brand equity and leadership position, your Company is able to have a significant influence on industry issues through representations made on behalf of the industry.

Your Company has a wide range of portfolio spanning across categories of Scotch whisky, IMFL whisky, brandy, rum, vodka, and gin, and in various price points from Luxury, Premium, Prestige to Popular.

Your Company's rich heritage ensures long-lasting relationships with most of the raw material suppliers, which enables it to ensure uninterrupted procurement at competitive rates. This, in turn, helps the Company to ensure continuous production and supply of its products through the length and breadth of the country.

The in-house Technical Centre and its tie-up with the global giant Diageo PLC enables your Company to undertake research on new products, analytics and sensory sciences, process R&D, special spirits, and flavour management. Your Company's professional team of expert scientists work constantly with perseverance to renovate the portfolio. The strong marketing team creates impactful communication to convey the renewed brand salience.

Your Company's workforce of about 2,598 regular employees are the key strength in achieving the goals laid down by the Company. Your company has built internal sufficiency with ~50% of positions

Management Discussion and Analysis (Continued)

being filled with internal talent during the year. Overall gender representation is 17%, however, gender representation in the executive population stands at 27%. Industrial relations during the year were cordial.

BUSINESS PERFORMANCE

Our mission is to be a top-performing consumer packaged goods company in India, delivering sustained double-digit, profitable topline growth and long-term value to all our stakeholders. During the year in review, we made strategic investments and implemented several initiatives aligned with the three identified pillars of our mission, keeping us on track to realise our goals.

1. Portfolio reshape

We continue to maintain strong emphasis on brand innovation and renovation, prioritising portfolio premiumisation. Our marketing campaigns have significantly enhanced consumer engagement and contribute to building long- term brand equity.

Godawan, India's first artisan single malt, continues to expand both across India and globally. Godawan 100 collector edition was awarded "Single Malt Whisky of the Year" at the prestigious London Spirits Competition 2024. Additionally, Godawan Single Malt Rich and Rounded and Godawan Single Malt Fruit and Spice each received a gold medal at the competition, underscoring our commitment to innovative and sustainable luxury in the Alcobev industry.

The renovation of Black Dog continued to gain global recognition, notably winning gold at the prestigious DBA Design Effectiveness Award and silver at the Pentawards – a leading global platform and community for packaging design.

Furthermore, we scaled-up Johnnie Walker Blonde following a successful launch in FY 2022-23. Our enhanced presence, marked by marquee associations, notably our partnership with Lollapalooza, has significantly bolstered the overall equity of the Johnnie Walker brand.

Continuing our cultural engagement, we maintained our commitment to the platform Walkers & Co., which was launched in the previous year and featured collaborations with John Legend and Raja Kumari. This year, we partnered with the Aravani Art Project, a cis-trans art collective dedicated to amplifying the representation of marginalised communities in popular culture.

Brand Signature reinforced its position as the most distinctive brand within the upper prestige segment, building on the transformative renovation initiated in FY 2022-23. This year, the brand was propelled forward by three significant initiatives that underscored our commitment to sustainability and positive community impact: the launch of 'One With Nature My Signature,' campaign; featuring film actor Ayushmann Khurrana, reinforced our commitment to environmental consciousness. Alongside, being the title sponsor of the Ziro Festival of Music; emerged as a pivotal activation, blending sustainability with cultural expression to enhance brand visibility and engagement. Complementing these was our Signature Green Vibes' platform, which cultivated a community dedicated to sustainable living and responsible consumption. These initiatives, along with other innovative interventions resulted in the growth that outpaced the category.

Antiquity Blue underwent a comprehensive transformation introducing a fresh brand visual identity. This new brand visual identity was effectively communicated across the brand's key markets, with targeted interventions in digital and out-of-home (OOH) media. Additionally, Antiquity elevated its communications by being showcased at key art events such as the Kala Ghoda Festival in Mumbai and the Jaipur Literature Festival.

Royal Challenge American Pride, our American bourbon-based IMFL whisky, is one of our most successful innovations and among our fastest-growing brands. It is on track to become the quickest brand in our portfolio to reach one million cases. The brand was scaled up across India with comprehensive portfolio of SKUs.

In the highly competitive mid-prestige segment, we accelerated our strategy for Royal Challenge following a significant renovation launch in the previous year. The Naya Sher campaign was amplified across major platforms, including the Cricket World Cup and the brand's key activation platform, the Indian Premier League (IPL). We also expanded the brand's influence by signing the RCB Women's IPL team, diversifying our equity play. Additionally, we strengthened our partnership with the RCB Men's IPL team to boost our cultural engagement. The brand enhanced consumer loyalty with its largest engagement initiative to date, the Game Nights Platform.

In the lower prestige segment, we rebranded our flagship whisky, McDowell's No. 1, to House of McDowell's, marking a strategic shift towards premiumisation. This reflects our response to evolving consumer tastes and desires. We introduced McDowell's Distiller's Batch Single Malt,

Management Discussion and Analysis (Continued)

demonstrating our commitment to innovation and setting new industry standards. Our renovation began with McDowell's No.1 Whisky, introducing Premium Smooth, which has been scaling up nationwide. Popular film actor Kartik Aaryan was appointed as the brand ambassador for House of McDowell's, enhancing our brand equity through strong awareness and recall. The brand's narrative on friendship evolved to "Yaaron Waali Baat" from "No. 1 Yaari," highlighted through a comprehensive 360 campaign and a major thematic TVC. This was supported by a broad renovation launch across markets. Throughout the year, we maintained brand salience with major interventions that emphasised the brand's ethos of friendship and inclusivity.

2. Be an organisation of future

We are building an organisation of the future through significant, structured investments in areas such as Digital, Luxury, and Innovation, aimed at delivering disproportionate business impact and securing future growth. Over the past year, our talent initiatives have focussed on targeted development plans for leaders and successors, and on enhancing internal recruitment to accelerate organisational self-sufficiency. We have continued to champion inclusion and diversity, achieving an 88% Inclusion & Diversity Index in 'Your Voice', our employee engagement survey, and launched two Employee Resource Groups – the Spirited Women's Network and the Rainbow Network. To thrive in a continuously volatile operating environment, it is essential to be fast, agile, transformational, and responsive to changing dynamics. Consequently, we have embarked on a systematic culture change effort to embed speed and agility within the organisation.

Significant strides were made in our digital transformation journey, which commenced in FY 2022-23. Our consumer-facing digital initiatives were scaled up across three identified key areas – Digital Marketing, Owned Platforms, and Consumer Data. These efforts have effectively kept us on track with the objectives set at the beginning of FY 2023-24.

Digital Marketing: We have established the 'Precision and Digital Factory' to refine our digital marketing practices and introduce best-in-class processes, capabilities, tools, and partnerships. These improvements are strategically designed to enhance Diageo's position in digital marketing. During the year, we enhanced the effectiveness and efficiency of our digital marketing through expanded always-on social content, increased programmatic marketing, more cost-efficient media buying, and sharper, more personalised media targeting based on consumer interests, affinities, and first-party data.

Owned Platforms: Led by in.thebar.com, our Diageo-owned digital-first platform serves as a central hub for all related to social celebrations and alcoholic beverages, focussing on robust content creation and community engagement. Over the year, we transformed in.thebar.com into a content-first platform, significantly increasing monthly visitation and organic traffic tenfold, improving website metrics such as bounce rates, and tripling the time spent and engagement rates – all the while achieving a 50% reduction in costs.

Consumer Data: This crucial element has become a foundational aspect of our marketing strategy, supported by advanced marketing technology, facilitating precise and strategic consumer engagement. During the year, we completed the marketing technology setup, with platforms like CDP and Salesforce Marketing Cloud now enabling direct, one-to-one consumer communication. We have also greatly increased our collection of compliant first-party data, achieving a 3.5x increase in data scale, which facilitates omnichannel and personalised communication at significantly lower costs than traditional media buying.

3. Diageo in society

We are committed to building a more sustainable, responsible, and inclusive business and society. Our ten-year ESG action plan, 'Society 2030: Spirit of Progress,' outlines strategic priorities focussed on promoting positive drinking, championing inclusion and diversity, and pioneering grain-to-glass sustainability. We aim to drive significant impact across our value chain, affecting communities, suppliers, partners, customers, and consumers.

We are committed to moving India towards the principle of 'drinking better, not more' – an approach deeply rooted in our social values and consistent with our business model as a producer of premium beverages. We actively shape drinking attitudes towards moderation and address harmful drinking through multi-year programmatic interventions targeting drunk driving and underage drinking. Our commitment to championing responsible consumption is further demonstrated through our DRINKiQ platform and the 'Wrong Side of the Road' programme. Additionally, we uphold responsible brand marketing through self-regulation.

Inclusion and diversity are integral to our values. In India, we are among the industry leaders in promoting gender diversity and have extended our I&D initiatives to include people with disabilities and the LGBTQI community. Our partnership with the Skill Council for People with Disability has successfully

Management Discussion and Analysis (Continued)

trained 110 individuals with Speech and Hearing Impairments in F&B skills, securing their employment in premier hotels.

We ensure a progressive portrayal in all creative outputs, especially for our iconic brands like Johnnie Walker, Black & White, and Black Dog, where women are central to the communication narratives.

We maintain a strong commitment to making our brands 'Sustainable by Design' to minimise emissions throughout our value chain. In alignment with this commitment, we introduced a 25% recycled PET (r-PET bottle) for one of our brands, implemented biodegradable packs, and successfully eliminated mono-cartons from 90% of our product portfolio. Over 99% of the materials used are widely recyclable, positioning us to achieve our goal of 100% by 2030. Additionally, we are dedicated to the responsible collection and recycling of pre- and post-consumer plastic waste; this year, we collected 24,132 metric tonnes of post-consumer plastic packaging under our Extended Producer Responsibility (EPR) initiative. Furthermore, our artisanal single malt, Godawan, focusses on water conservation and biodiversity.

Our regenerative agriculture programme involves over 5,000 small-holder farmers in Punjab and Haryana. We are also collaborating with government bodies and local communities to restore natural water resources. Our community programmes on Water, Sanitation, and Learning for Life have empowered women, with 50% of beneficiaries being female.

Our ESG Risk Rating has improved from 23.0 to 20.6, according to Sustainalytics, and we have maintained an 'A' rating with MSCI for the past two years. Furthermore, our ESG score in CSRHUB has improved from 75 in 2022 to 88 in 2024.

BUSINESS REVIEW

Your Company continued its journey of premiumisation by improving the mix of P&A net sales salience to 87% in the financial year 2023-24. Our portfolio is uniquely positioned to seize the abundant growth opportunities presented by the Indian market. Your Company has been unwavering in its pursuit of achieving double-digit top- line growth and aims for mid-high teen operating margins. To accomplish this goal, your Company is exerting maximum effort to fortify and accelerate the growth of its core brands, enhance its route-to-consumer strategy, and capitalise on economies of scale. Simultaneously, your Company remains firmly committed to upholding the highest standards of corporate citizenship. Its integration with Diageo's brand portfolio has enabled your Company to establish leadership in both volume and value terms.

Your Company has fortified its entire portfolio through a blend of innovation, renovation, and rationalisation. Prestige and above brands accounting for ~87% of net sales remain the primary focus, with an emphasis on renovation to align with evolving consumer preferences. Your Company's robust performance in the Prestige and Above segment reflects its commitment and the efficacy of the premiumisation strategy. Your Company has also prioritised optimising value gains in the Popular segment.

- During the year under review, your Company's sales volume was 61.4 million cases resulting in a drop of 15.2% compared to the previous year. This is largely on account of the slump sale of the business undertaking associated with 32 brands and franchising of 11 Popular brands to an unrelated party. The transaction was a conclusion of the strategic review of the select popular segment brands and was approved by the Board on 27th May 2022.
- Net sales/income from operations increased 3.1% y-o-y in the financial year ended 31st March 2024, to ₹ 10,692 crores as against ₹10,374 crores in the previous year, driven by continued premiumisation, resilient consumer demand and competitive performance of our innovation and renovation offerings. Overall, Prestige & Above segment represented 82% of total volumes (Vs 66% in the previous year) and 87% of total net sales (Vs 80% in the previous year) FY24.
- The Prestige and Above segment's net sales were up 11.9% with strong double-digit growth across the higher value sub-segments. The Popular segment represented 18% (Vs 34% in the previous year) of total volumes and 10% (Vs 18% in the previous year) of total net sales during the financial year ended 31st March 2024.

With a balanced revenue distribution, your Company maintains an optimal mix across segments, carefully aligning premium and popular offerings. This strategic diversification mirrors a sophisticated grasp of varied consumer demands and an unwavering dedication to delivering excellence across different price points. It not only fosters stability but also enables your Company to tap into varied market segments, facilitating broader growth opportunities and market penetration.

NET DEBTS

Your Company has a healthy balance sheet and is net cash surplus as on 31st March 2024. Net cash position of your Company on a standalone basis stood at ₹ 1808 crores (including current investments) as of 31st March 2024. This strong position enables your Company to undertake value-accretive business decisions swiftly.

Management Discussion and Analysis (Continued)

Significant improvements in your Company's financial adaptability, corporate governance standards, and compliance framework have led to an enhancement in its credit ratings. CRISIL has reaffirmed its 'AAA/Stable' rating on United Spirits Limited's long-term bank facilities and reassigned the short-term rating to A1+. These ratings will enhance your Company's access to more economical debt sources, thereby reducing interest costs and increasing shareholder value.

OUTLOOK

Your Company maintains its position as a leader in India's Alcobev industry, benefiting from a robust portfolio and the required support and guidance of Diageo plc, the Company's ultimate holding Company. Diageo continues to reinforce the Company's capabilities through various strategic initiatives, including organisational and distribution reforms, revamped brand promotion strategies, enhanced supply chain efficiency, portfolio optimisation, government engagement, and efforts to foster an inclusive work environment and drive gender diversity. With these measures in place, your Company is poised to achieve its medium-term goal of delivering double-digit topline growth and mid-high teens EBITDA margins, driven by improved pricing and cost optimisation. Despite regulatory challenges looming over the Alcobev industry, your Company has demonstrated resilience in the face of such hurdles in the past, positioning it well to navigate through them in the future.

RISKS & CONCERNS, OPPORTUNITIES & THREATS

Risks & Concerns

Due to the regulated nature of the industry, your Company is vulnerable to restrictions imposed by the state governments regarding the production, transportation and sale of spirits.

Prohibition in certain states poses a threat to legal sales and fuels inter-state smuggling, hindering industry growth. Furthermore, it may lead to a surge in country liquor sales due to the absence or restricted availability of branded products.

The Company continues in its endeavours to promote responsible alcohol consumption and mitigate the risks associated with drinking and driving through its 'Responsible Drinking' initiatives as highlighted in the CSR Report included in Annexure 6 of the Directors' Report.

Opportunities

The Alcobev industry in India is undergoing a transformative shift driven by premiumisation trend, as value-based consumption increased. Your Company's strong emphasis on premiumisation, combined with rising disposable income and evolving consumer lifestyles, creates substantial opportunities for sales growth and margin expansion.

Concluding the strategic review of selected popular brands is a strategic move to reshape your Company's portfolio. This decision has enabled management to concentrate efforts on Prestige and Above segments, driving forward mission of achieving double digit profitable topline growth.

Renovation and revamping of key brands to upgrade them presents opportunities for margin expansion.

Management Discussion and Analysis (Continued)

Strong emphasis on achieving the restated mission and adherence to Diageo policies are expected to bolster your Company's sales and margins.

On a macro-economic scale, the global economic slowdown, inflation and vulnerability to the global supply chain due to geo-political tensions threaten the cost, movement and availability of raw materials. Any adverse scenario related to geopolitical conflicts leads to rising commodity prices, impacting India as a net importer of energy.

Low per capita consumption, rapid urbanisation, favourable macro economic indicators, higher disposable incomes and evolving lifestyles bode well for the industry as a whole.

India is home to the world's largest population, with 1.44 billion population (as of 20th April 2024). The country boasts the world's largest young population, with a median age of 26.7 years. ~25 million Indians are expected to enter the drinking age every year which represents substantial growth opportunities for the industry.

The surge in the number of restaurants, cafes, and pubs in India presents a significant opportunity for your company to tap into the thriving Alcobev market.

Threats

The stringent enforcement of distribution strategies by states limits the growth prospects of the industry.

Intense competition prevails in the segment, fuelled by the lucrative growth prospects of the industry.

Decrease in consumption due to inflationary pressures and other macroeconomic factors.

Stringent pricing control by states poses a threat to margins.

The consumption of spurious liquor poses a risk to the growth trajectory of brands in the Popular segment brands.

Management Discussion and Analysis (Continued)

INTERNAL CONTROL SYSTEMS

The Company maintains an adequate system of internal controls commensurate with the nature, size, and complexity of the business operations. The Company has ensured that stringent and comprehensive controls are put in place to ensure.

- Effective and productive use of resources
- Safeguarding of the Company's assets and interests
- Transactions are approved, registered, properly reported and
- Checks and balances guarantee reliability and consistency of accounting data
- Regulatory compliance is ensured by adhering to various laws, regulations, and prevailing statutes. An extensive programme of internal, external audits along with periodic reviews by the management is carried out to ensure adherence to the best practices and oversight monitoring by the Board establishes a strong control environment. The management has evaluated that the internal controls over financial reporting are operating effectively by adopting the required procedures.
- The control framework prevailing in the Company was regularly reviewed and controls were monitored to ensure that corrective measures were taken on time for minimum failures.

KEY FINANCIAL AND OTHER RATIOS

Key financial ratios arising from the financials as given below for the financial year ended 31st March 2024, and 31st March 2023.

₹ Crores

	Particulars	31-March-24	31-March-23
i)	**Key financial numbers (Standalone financial statements)**		
	Share Capital	**145**	145
	Reserves & Surplus	**6,818**	5,799
	Total Equity (Net Worth)	**6,963**	5,944
	Gross Debt (excludes accrued interest and lease liability)	**0**	1
	Profit after tax (PAT)	**1,312**	1,052
	Share Price (₹)	**1,134**	756
	Other Income	**335**	74
	Revenue from Operations	**25,389**	27,578
	Total Expenses Cost	**24,021**	26,534
	Less: Depreciation	**264**	271
	Less: Finance Cost	**76**	104
	Total Expenses (excluding Depreciation and Finance Cost)	**23,681**	26,159
	EBITDA	**1,708**	1,419
	EBIT	**1,779**	1,222
	Inventory	**2,063**	2,230
	Trade Receivables	**3,128**	2,383
	Trade Payable	**1,827**	1,738
ii)	**Debtors' Turnover Ratio**		
	Average Receivables	**2,756**	2,343
	Revenue from Operations	**25,389**	27,578
	Receivable Turnover	**9.2**	11.8
	Receivable Turnover (in days)	**40**	31

Management Discussion and Analysis (Continued)

₹ Crores

	Particulars	31-March-24	31-March-23
iii)	**Payable Turnover Ratio**		
	Average Payables	**1,783**	1,633
	Cost of Goods Sold, Advertisement and Sales Promotion, other Expenses	**8,441**	8,348
	Payable Turnover	**4.7**	5.1
	Payable Turnover (in days)	**77**	72
iv)	**Inventory Turnover Ratio**		
	Average Inventory	**2,146**	2,197
	Purchases (COGS & Excise Duty)	**20,745**	23,276
	Inventory Turnover	**9.7**	10.6
	Inventory Turnover (in days)	**38**	34
v)	**Invest Coverage Ratio**		
	Interest	**76**	104
	EBITDA	**1,708**	1,419
	Interest Cover	**22.5**	13.6
	Interest	**76**	104
	EBIT	**1,779**	1,222
	Interest Cover	**23**	12
vi)	**Return on Capital Employed Ratio**		
	EBIT	**1,779**	1,222
	Capital Employed	**7,204**	6,127
	Return on Capital Employed	**24.7%**	19.9%
vii)	**Net Profit Margin Ratio**		
	PAT	**1,312**	1,052
	Net Sales (net of excise)	**10,692**	10,374
	Net Profit Margin	**12.3%**	10.1%
viii)	**Operating Margin Ratio**		
	EBIT	**1,779**	1,222
	Net Sales (net of excise)	**10,692**	10,374
	Operating Margin	**16.6%**	11.8%

SUMMARY OF KEY RATIOS LEVERAGE RATIOS

Particulars	F24	F23
Debt-Equity Ratio	**NA**	0.02
Interest Cover	**23**	14
VALUATION RATIOS		
EPS	**18.04**	14.46
P/E Ratio	**62.9x**	52.3x
PROFITABILITY RATIOS		
Return on Equity	**18.8%**	17.7%
Return on Capital Employed	**24.7%**	19.9%
LIQUIDITY RATIOS		
Inventory Turnover Ratio (in days)	**38**	34
Receivable Turnover Ratio (in days)	**40**	31
Payable Turnover Ratio (in days)	**77**	72

Annexure-1

Details of Subsidiaries, Associates and Joint Ventures

Form AOC-1

(Pursuant to the provisions of section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 Statement containing as on 31st March 2024 salient features of the financial statement of subsidiaries/associate companies/joint ventures)

Part A: Subsidiaries

Sl. No.	Name of the Subsidiary	Date since when subsidiary was acquired.	Currency	Closing exchang rate	Average exch rate	Share capital	Reserves	Total assets	Total liabilities	Investments	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Total comprehensive income	Proposed dividend	% of share holding	Country
1	Asian Opportunities & Investments Limited (AOIL)	26th Dec 2002	USD	83.36	82.97	42	(132)	1	(91)	-	-	0	-	0	0	-	100	Mauritius
2	Palmer Investment Group Limited (PIG)	26th Mar 2009	USD	83.36	82.97	125	(122)	4	(0)	-	-	(0)	-	(0)	(0)	-	100	British Virgin Islands
3	Shaw Wallace Overseas Limited (SWOL)	28th Sept 2015	GBP	105.15	104.27	4	(2)	2	(0)	-	-	(0)	(0)	(0)	(0)	-	100	U.K.
4	USL Holdings Limited (UHL)	7th Feb 2007	USD	83.36	82.97	6,391	(7,089)	4	(702)	0	-	(0)	-	(0)	(0)	-	100	British Virgin Islands
5	USL Holdings (UK) Limited (UHUKL)	26th Feb 2007	GBP	105.15	104.27	0	(7,102)	0	(7,102)	0	-	121	-	121	121	-	100	U.K.
6	United Spirits (UK) Limited (USUKL)	26th Feb 2007	GBP	105.15	104.27	0	(2,767)	0	(2,767)	0	-	(0)	-	(0)	(0)	-	100	U.K.
7	United Spirits (Great Britain) Limited (USGBL)	26th Feb 2007	GBP	105.15	104.27	0	(2,764)	0	(2,764)	-	-	(0)	-	(0)	(0)	-	100	U.K.
8	McDowell & Co. (Scotland) Limited (MSL)	5th Oct 2006	GBP	105.15	104.27	17	(3)	14	(0)	-	-	(0)	-	(0)	(0)	-	100	Scotland U.K
9	Royal Challengers Sports Private Limited	11th Mar 2008	INR	-	-	0	301	658	(357)	-	635	297	75	222	222	-	100	India

Notes:

1. Closing exchange rate is applied for share capital, reserves and surplus, total assets, total liabilities, and investments. Average exchange rate is applied for turnover, profit / (loss) before taxation, profit / (loss) after taxation, total comprehensive income, and proposed dividend. All amounts are in ₹ crore except percentage of shareholding and exchange rate.
2. All the subsidiaries have 31st March 2024 as their financial year end.
3. Names of subsidiaries which are yet to commence operations: Nil.

Annexure-1 (Continued)

Part B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl No.	Name of Associates or Joint Ventures	Nao Spirits & Beverages Private Limited
		Associate
1	Latest audited Balance Sheet Date	31/03/2023
2	Date on which the Associate or Joint Venture was associated or acquired	29/04/2022
3	Shares of Associate or Joint Ventures held by the company on the year end	
	Number of Equity shares	4,670
	Number of Compulsory Convertible Preference Shares	14,172
	Amount of Investment in Associates or Joint Venture (₹ in crore)	47
	Extent of Holding (in percentage) *	11%
4	Description of how there is significant influence	Representation on the Board of Directors
5	Reason why the associate/Joint venture is not consolidated.	Not Applicable
6	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ in crores)	2
7	Profit or Loss for the year	
	i. Considered in Consolidation ** (₹ in crore)	(1)
	ii. Not Considered in Consolidation (₹ in crore)	(10)

Notes:

* 11% Equity ownership interest (30% on a fully diluted basis).

** Represents Group's share of profit/(loss)

1 Names of associates or joint ventures which are yet to commence operations.

Nil

2 Names of associates or joint ventures which have been liquidated or sold during the year.

Nil

Mahendra Kumar Sharma
Chairperson
DIN: 00327684

Hina Nagarajan
Managing Director & Chief Executive Officer
DIN: 00048506

V K Viswanathan
Director
DIN: 01782934

Pradeep Jain
Executive Director & Chief Financial Officer
DIN : 02110401

Mital Sanghvi
Company Secretary

Date: 24th May 2024
Place: Mumbai

Annexure-2

Related Party Transactions

FORM AOC-2

(Pursuant to section 134(3)(h) of the Companies Act, 2013 and rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered by the Company with related parties referred to in section 188(1) of the

Companies Act, 2013 including certain arm's length transactions under the fourth proviso thereto.

a) Details of Contracts or transactions not at arm's length basis: There are no contracts or arrangements or transactions that were not at arm's length basis for the year ended 31st March 2024.

b) Details of Material Contracts or transactions at arm's length basis: There are no material contracts or arrangements or transactions at arm's length basis and in the ordinary course of business for the year ended 31st March 2024.

By Order of the Board
Mahendra Kumar Sharma
Chairperson
DIN:00327684

Date: 24th May 2024
Place: Mumbai

Annexure-3

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
United Spirits Limited
Bengaluru

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by United Spirits Limited (CIN: L01551KA1999PLC024991) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by United Spirits Limited ("the Company") for the financial year ended on March 31, 2024, according to the provisions of:

i. The Companies Act, 2013, (the Act) and the rules made thereunder;

ii. Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');

   (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (No instances for compliance requirements during the year);

   (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (No instances for compliance requirements during the year);

   (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (No instances for compliance requirements during the year);

   (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

Annexure-3 (Continued)

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, (No instances for compliance requirements during the year);

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (No instances for compliance requirements during the year); and

(j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

vi. Laws specifically applicable to the Company as identified by the Company:

(a) Various State Excise Laws relating to alcohol and related industry;

(b) Food Safety and Standards Act, 2006 and Rules and Regulations made thereunder;

vii. All other Labour, Employee and Industrial or factory and environmental Laws to the extent of necessary permissions, licenses, compliance and control mechanisms as applicable to the Company;

I have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc as mentioned above wherever applicable.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate notices were given to all Directors to schedule the Board meetings, agenda and detailed note on agenda were sent at least seven days in advance and with necessary compliance wherever sent at shorter period and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are carried through majority and recorded in the minutes and there were no dissenting views.

I further report that there are adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

I further report that during the audit period there were no events / actions took place having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

SUDHIR VISHNUPANT HULYALKAR
Company Secretary in Practice
FCS No.: 6040 CP No.: 6137
Peer Review Certificate No. 607/2019
UDIN: F006040F000440861

Place: Bengaluru
Date: 24th May 2024

Annexure-3 (Continued)

Annexure to Secretarial Audit Report (Auditors Responsibility)

To,
United Spirits Limited
Bengaluru

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

SUDHIR VISHNUPANT HULYALKAR
Company Secretary in Practice
FCS No.: 6040 CP No.: 6137
Peer Review Certificate No. 607/2019
UDIN: F006040F000440861

Place: Bengaluru
Date: 24th May 2024

Annexure-3A

Annexure-3A

SECRETARIAL COMPLIANCE REPORT OF UNITED SPIRITS LIMITED FOR THE YEAR ENDED MARCH 31, 2024.

I, Sudhir V Hulyalkar, Company Secretary in practice have examined:

(a) all the documents and records made available to us and explanation provided by United Spirits Limited ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) Relevant Forms and attachments as filed with the Registrar of Companies and other authorities of Ministry of Corporate Affairs for the year ended March 31, 2024 ("Review Period") in respect of compliance with the provisions of:

   (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

   (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (No instances for compliance requirements during the year);

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (No instances for compliance requirements during the year);

(e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (No instances for compliance requirements during the year);

(f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (No instances for compliance requirements during the year);

(g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(h) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (No instances for compliance requirements during the year);

(i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and circulars/ guidelines issued thereunder.
and based on the above examination, I hereby report that, during the Review Period:

Annexure-3A (Continued)

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations / Circulars / guidelines Including specific clause)	Regulation / Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Listed entity Secretary	Management Response	Remarks
					Advisory/ Clarification/ Fine/ Show Cause Notice/ Warning, etc.					
					N.A.					

(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations/ Remarks of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended ..... (the years are to be mentioned)	Compliance Requirement (Regulations/circulars/ guidelines including specific clause)	Details of violation / deviations and actions taken / penalty imposed, if any, on the listed entity	Remedial actions, if any, taken by the listed entity	Comments of the PCS on the actions taken by the listed entity
1	Related Party Transactions: In certain cases, where prior approval was not obtained, the same has been ratified by the Audit Committee.	For the year ended on 31st March 2023	Reg 23 (2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	In certain cases, where prior approval was not obtained, the same has been ratified by the Audit Committee. Penalty imposed: Nil	The Audit Committee has taken note of the same and after its first meeting in this financial year there were no such instances.	Nil
2	Risk Management Committee: More than 180 days has elapsed between two consecutive meetings of the Risk Management Committee.	For the year ended on 31st March 2023	Regulation 21(3C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	More than 180 days has elapsed between two consecutive meetings of the Risk Management Committee held on 16.3.2022 and 20.9.2022. Penalty imposed: Nil	N A	No subsequent violation observed under this Regulation during the period ended March 31, 2024.

(c) I/we hereby report that, during the Review Period the compliance status of the listed entity with the following requirements:

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/ Remarks by PCS*
1.	**Secretarial Standards:**		
	The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI).	Yes	None
2.	**Adoption and timely updation of the Policies:**		
	• All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities.	Yes	None
	• All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/circulars/ guidelines issued by SEBI.	Yes	None

Annexure-3A (Continued)

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/ Remarks by PCS*
3.	**Maintenance and disclosures on Website:**		
	• The Listed entity is maintaining a functional website	Yes	None
	• Timely dissemination of the documents/ information under a separate section on the website	Yes	None
	• Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re - directs to the relevant document(s)/ section of the website	Yes	None
4.	**Disqualification of Director:**		
	None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	None
5.	**Details related to Subsidiaries of listed entities:**		
	(a) Identification of material subsidiary companies	N.A.	The Listed entity does not have material subsidiaries.
	(b) Requirements with respect to disclosure of material as well as other subsidiaries	Yes	None
6.	**Preservation of Documents:**		
	The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under the LODR Regulations	Yes	None
7.	**Performance Evaluation:**		
	The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations.	Yes	None
8.	**Related Party Transactions:**		
	(a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions	Yes	Obtained in all cases wherever required.
	(b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee.	N.A.	None
9.	**Disclosure of events or information:**		
	The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of the LODR Regulations within the time limits prescribed thereunder.	Yes	None
10.	**Prohibition of Insider Trading:**		
	The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	None

Annexure-3A (Continued)

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/ Remarks by PCS*
11.	**Actions taken by SEBI or Stock Exchange(s), if any:**		
	No actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder (or)	No	None
	The actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges are specified in the last column.	No	None
12.	**Resignation of statutory auditors from the listed entity or its material subsidiaries:**		
	In case of resignation of statutory auditor from the listed entity or any of its material subsidiaries during the financial year, the listed entity and / or its material subsidiary(ies) has / have complied with paragraph 6.1 and 6.2 of section V-D of chapter V of the Master Circular on compliance with the provisions of the LODR Regulations by listed entities.	NA	No resignation of Statutory Auditor during the Review period
13.	**No additional non-compliances observed:**		
	No additional non-compliance observed for any of the SEBI regulation/ circular/guidance note etc. except as reported above.	Yes	None

SUDHIR VISHNUPANT HULYALKAR
Company Secretary in Practice
FCS No.: 6040 CP No.: 6137
Peer Review Certificate No. 607/2019
UDIN: F006040F000440925

Place: Bengaluru
Date: 24th May 2024

Assumptions & Limitation of scope and Review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.

2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.

3. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.

4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

SUDHIR VISHNUPANT HULYALKAR
Company Secretary in Practice
FCS No.: 6040 CP No.: 6137
Peer Review Certificate No. 607/2019
UDIN: F006040F000440925

Place: Bengaluru
Date: 24th May 2024

Annexure-4

Employee Details

Details of Ratio of Remuneration of Directors and Key Managerial Personnel (KMP)

[Section 197(12) of the Act read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

		Name of the Directors/KMP	Designation	Ratio to the Median	Percentage Increase
i)	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year; The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Hina Nagrajan	Managing Director & Chief Executive Officer	190	17%
		Pradeep Jain	Executive Director & Chief Financial Officer	57	18%
		Mital Sanghvi	Vice-President - Treasury and Company Secretary	23	23%
		Mahendra Kumar Sharma	Independent Non-Executive Chairperson	8:1	7%*
		V K Viswanathan	Independent Non-Executive Director	7:1	12%*
		D Sivanandhan	Independent Non-Executive Director	7:1	11%*
		Indu Shahani	Independent Non-Executive Director	7:1	10%*
		Rajeev Gupta	Independent Non-Executive Director	6:1	14%*
		Indu Bhushan	Independent Non-Executive Director	NA**	NA**
		Mukesh Butani	Independent Non-Executive Director	NA**	NA**

* For Non-executive Directors, change in percentage denotes change in remuneration (including commission and sitting fees) and for the period of their Directorship during the year.

** Indu Bhushan and Mukesh Butani were appointed during the year. Accordingly, the percentage increase/decrease in their remuneration and ratio of remuneration to median remuneration is not applicable.

(ii)	The percentage increase in the median remuneration of employees in the financial year;	The average increase in median remuneration in the financial year 2023-24 compared to the median remuneration of employees in the previous year is 7.14%.
(iii)	The number of permanent employees on the rolls of Company;	The Company had a permanent headcount of 2,598 on the rolls as of 31st March 2024.
(iv)	Average percentile increase already made in the salaries of employees other than the and its comparison with the percentile increase in the key managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The change in the average remuneration of employees other than the key managerial personnel in the current financial year compared to the last financial year was 11.7% while the change in the key managerial average remuneration was 17.49%. The increase in the average remuneration of key managerial personnel was primarily attributed to earnings from exercised long-term incentives.
(v)	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration paid is as per the remuneration and reward policy of the Company.

By Order of the Board
Mahendra Kumar Sharma
Chairperson
DIN: 00327684

Place: Mumbai
Date : 24th May 2024

Annexure-4 (Continued)

Information as required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the financial year 2023-24.

A. Employees employed for full year

Sr. No.	Employee Name	Age (as on 31st March 2024)	No. of shares held	Remuneration paid (in ₹)	Designation & nature of duties	Qualification	Experience	Date of Commencement of employment	Particulars of previous employment
1.	Aditya Sharma	44	0	1,05,66,275	Senior General Manager - Customer Marketing	Bachelor of Arts, PGDM	23	09-05-2022	AGM, Marketing - Pernod India
2.	Alokesh Biswas	45	0	1,15,12,609	Senior General Manager - Manufacturing	B.E, M.Tech	22	01-07-2020	Last 22 years with Diageo
3.	Amitabh Pande	47	0	1,93,54,767	Vice President – Consumer Planning & Insights	B.A / PGDM	23	09-08-2021	Head, Marketing - IKEA India
4.	Anchal Kaushal	45	0	1,30,77,654	Vice President - Customer Marketing	B.com, MBA	21	04-04-2019	Associate Director, Marketing - Jagajit Industries limited
5.	Anshu Vazirani	41	0	1,70,71,949	Vice President - Corporate Real Estate Services	PGDM / M.Tech	16	12-06-2017	Director - GEP (Global eProcure)
6.	Arnab Bhowmick	48	360	1,18,58,416	Vice President - Sales	Marketing Management, PGDM	25	23-03-1999	Sales Representative - Stallion Products Pvt Ltd
7.	Arvind Bangalore Sainath	44	0	1,11,61,648	Senior General Manager - Consumer Planning & Insights	B.E, PGD in Software Enterprise	22	07-12-2017	Head, Marketing Analytics - AVA Ecnometric Services
8.	AshishParikh	47	0	3,25,82,867	Executive Vice President and Chief Operating Officer - North and West	MBA from SVKM's Narsee Monjee Institute of Management Studies (NMIMS)	23	12-07-2022	Global Omnichannel and Category Development Director - Reckitt Benckise
9.	Ashok Arora	46	50	1,43,48,261	Vice President - Supply Finance	CA	23	02-11-2004	Finance manager - Greenfield online PVT LTD
10.	Diwaker Vij	41	0	1,05,80,461	Vice President - Commercial Finance	CA	17	16-04-2019	Division Finance Controller, Thermo Fisher Scientific
11.	Glen A L D Souza	53	0	1,20,47,613	Senior General Manager - HR Business Partner	LLB	25	02-04-2020	Senior Manager - HRBP - GE
12.	Gowri Advani	44	0	1,45,13,076	Vice President & Senior Counsel	LLB, B.S.L	12	08-05-2017	Legal Consultant - Diageo India Pvt Ltd
13.	Hina Nagarajan	59	0	13,89,31,637	Chief Executive Officer	Master's degree in Business Management - IIM	34	01-04-2021	MD Africa Emerging Markets (Diageo)
14.	Jagbir Singh Sidhu	53	0	3,77,86,378	Corporate Relations Director	MBA, Punjab University	28	05-07-2017	Pernod Ricard
15.	Jitendra Mahajan	54	0	5,49,62,944	Chief Supply and Sustainability Officer	B.E. Mechanical / MBA	29	22-04-2022	COO (Chief operating officer) Supply Chain - Marico Limited

Annexure-4 (Continued)

Sr. No.	Employee Name	Age (as on 31st March 2024)	No. of shares held	Remuneration paid (in ₹)	Designation & nature of duties	Qualification	Experience	Date of Commencement of employment	Particulars of previous employment
16.	Jyoti Bhat	47	0	1,12,20,550	Senior General Manager - Product Science & Brand Change Commercialization	MSC, PGD in Public health	11	11-09-2020	Director, Product Innovation & Education - Herbalife Nutrition
17.	Karan Garg	41	0	1,15,35,949	Senior General Manager – Sales Effectiveness	MBA	20	31-05-2017	Godrej Consumer Products Limited
18.	Kashinath Jha	55	0	2,06,91,100	Vice President - Manufacturing	BE	31	06-09-2016	Reckitt Benckiser
19.	Kuldeep Agrawal	48	0	1,05,94,867	Senior General Manager - Research and Development	P.hd in Food Technology	20	16-08-2012	Centre In Charge - Centre of Food Technology
20.	Mahaveer Chand Jain	44	0	1,01,98,730	Vice President & Head - Internal Audit	CA	20	22-08-2022	Head of Governance, Global Finance Risk management and Controls, GSK
21.	Mital Sanghvi	45	0	1,71,41,229	Vice President - Treasury and Company Secretary	B.Com, ACS, FCCA, ACA	22	09-12-2019	Provenance Land Private Limited
22.	Monish Bhasin	49	0	1,63,35,999	Vice President- Sales	MBA / B.E	27	25-09-2006	Senior Brand Manager - Mahindra and Mahindra
23.	Nimish Shah	49	0	2,04,43,673	Executive Vice President and Financial Controller	CA	26	09-09-2021	APAC Regional Controller - The Walt Disney Company
24.	Pankaj Satyanarayan Panchariya	49	0	1,03,03,930	Vice President - Sales	B.Com, PGDM	27	21-11-2021	Region Head (AGM) - Pernod Ricard
25.	Parminder Singh Bindra	51	0	1,04,29,365	Senior General Manager - Sales	B.Com	18	23-02-2015	Pernod Ricard India
26.	Pradeep Jain	55	0	4,14,77,045	Executive Director & Chief Financial Officer	B.Com, CA	30	04-04-2017	CFO - Pidilite Industries
27.	Prathmesh Mishra	54	0	8,80,41,063	Chief Commercial Officer	PGDM, BA	24	18-06-2014	Pernod Ricard
28.	Rajesh Vijayan Menon	46	0	1,40,99,172	Head - RCB & Extension Business	B.com, PGDBA	19	11-09-2006	Product manager - Caticura Talcum powder
29.	Ruchira Jaitly	51	0	1,83,99,899	Chief Marketing Officer	PGDM, Marketing from Indian Institute of Management Ahmedabad	24	01-10-2021	CMO India - HMD Global Pvt Ltd
30.	Sandeep Sharma	40	31	1,07,60,869	Senior General Manager - Brand Management	MBA	17	01-04-2015	Cargill India
31.	Sanjeev Vijh	54	0	1,28,79,238	Vice President - Corporate Affairs	B.com	26	25-04-2019	Head, External Affairs - Pernod Ricard
32.	Saurabh Kumar	44	0	1,65,59,098	Vice President - Sales	B.Tech	21	18-07-2019	COO (Chief operating officer) - Innovative foods Ltd -
33.	Shashi Kumar	53	0	1,00,83,805	Vice President - Supply Move	B.E. Industrial and Production Engineering	23	02-02-2015	General Manager - Innovation (R&D) - 3M India Limited

Annexure-4 (Continued)

Sr. No.	Employee Name	Age (as on 31st March 2024)	No. of shares held	Remuneration paid (in ₹)	Designation & nature of duties	Qualification	Experience	Date of Commencement of employment	Particulars of previous employment
34.	Shilpa Vaid	47	0	3,09,04,331	Chief HR Officer, Diageo India	B.A.(H), MBA HR IMI	24	14-11-2022	BU People Lead, India - Mondelez International
35.	Shobhana Nikam	52	0	2,31,18,511	Executive Vice President and General Counsel	ML, International and Constitutional Law	27	31-10-2022	Senior Vice President & Head Legal - Wells Fargo International Solutions Private Limited
36.	ShrutiZota	40	0	1,33,44,630	Vice President - Senior Counsel Legal	BLS LLB	17	10-10-2022	General Counsel - GlaxoSmithKline Pharmaceuticals Ltd
37.	Shweta Jain	48	0	2,09,34,065	Chief Business Development Officer - Luxury Reserve Craft & Strategic Accounts	MBA / B.com	19	11-12-2017	Head of Marketing Indian Subcontinent - William Grant & Sons
38.	Sunil Dwivedi	51	0	1,42,81,840	Vice President - Manufacturing	B.E Chemical Engineering, IIT Bombay	21	10-01-2022	Head, Operations - AvanStrate Inc
39.	Sunny Singh Kataria	40	0	1,33,30,406	Vice President – Sales	Master of Business Administration (MBA)	14	29-11-2021	Head of Commercial excellence - OLX Group
40.	Vikram Damodaran	48	51	2,77,95,004	Chief Innovation Officer	B.E., (Mech)	25	14-10-2019	Chief Product Officer - GE Healthcare
41.	Vikram Jain	49	0	1,39,09,386	VP Sales – CSD & Franchise Business	MBA / B.com	26	19-01-2009	Senior Manage, Marketing - Pernod Ricard

B. Employed for the part of year:

Sr. No.	Employee Name	Age (as on 31st March 2024)	No. of shares held	Remuneration paid (in ₹)	Designation & nature of duties	Qualification	Experience	Date of Commencement of employment	Particulars of previous employment	Last working day with the Company
1.	Amrut Aiyamma	50	0	25,511,547	Vice President - Human Resources	MSW, Mangalore University	27	02-05-2019	Dover Corporation India	31-10-2023
2.	Anant Swarup	47	0	706,041	Senior General Manager - Sales	PGDBM, Marketing from IMT-Gaziabad	19	11-07-2016	SALES AND DISTRIBUTION HEAD - TATA DOCOMO	05-04-2023
3.	Aparna Deshmukh	48	0	2,775,761	Vice President – Category Head	Master in Management Studies	25	15-01-2024	VP & Head, Brand Product - American Express India	NA*
4.	Chitra Gupta	43	0	4,012,206	Vice President - Human Resources	B.Com, MA	20	12-02-2024	Head of HR, Supply Chain - Coca Cola	NA*
5.	Deepika Warrier	54	0	14,900,184	Chief Marketing Officer India	PGDM	29	27-07-2020	CEO/MD - Pepsico-Tata JV (Nourishco Beverages)	31-07-2023

Annexure-4 (Continued)

Sr. No.	Employee Name	Age (as on 31st March 2024)	No. of shares held	Remuneration paid (in ₹)	Designation & nature of duties	Qualification	Experience	Date of Commencement of employment	Particulars of previous employment	Last working day with the Company
6.	Himanshu Maloo	45	50	13,239,464	Vice President - Supply Chain Planning	PGD Industrial Engineering	22	23-11-2023	Chief Supply Chain Officer - DFM Foods	NA*
7.	Kalyan Harishchandra Pawar	42	0	4,350,878	Senior General Manager - Engineering and Maintenance	VJTI - Master of Technology - Structural Engineering	18	06-11-2023	Heineken, Netherlands	NA*
8.	M N Prasanna Venkatesh	49	228	9,879,619	Senior General Manager - Health & Safety	MBA / B.E	11	30-09-2016	General Manager Operations - Nigeria Distilleries -	20-01-2024
9.	Manish Seth	50	0	13,757,665	Chief Operating Officer - Commercial	MBA	27	01-09-2023	Zonal Head North - Pernod India	NA*
10.	Manish Shetty	48	0	14,305,618	Vice President - IT	BE, MBA	23	01-06-2020	Director IT - TATA GLOBAL BEVERAGES LTD	30-11-2023
11.	Navin Jain	51	0	14,069,169	Tax Director - Asia & India	Chartered Accountant	23	27-12-2018	Head Taxation - Vedanta/Cairn India LTD	30-12-2023
12.	Nishant Kumar Singh	46	0	7,697,755	General Manager - Innovation Lead Recruit	MBA	23	15-03-2007	Key Relationship Manager - TATA AIG Genaral Insurance Company	07-10-2023
13.	Pankaj Umesh Kapoor	45	0	7,950,703	Vice president – Quality & Transformation	MMS	20	04-09-2023	Vice President, Digital - TCPL	NA*
14.	Pradeep K	46	50	7,121,551	Vice President - Human Resources	BA LLB, PGDM & IR, MSW	21	01-12-2023	HRBP Director - Madura Coats	NA*
15.	Sanjeev Khanna	53	152	15,990,304	Senior General Manager- Prestige Core Innovation	B.com, MBA	21	16-07-2007	Client Services Director - Ogilvty and Mather	07-10-2023
16.	Sanjeev Ganesh	47	100	19,955,395	EVP- Procurement	B.Tech, MBA	17	01-04-2010	Managing Consultant - Aqua Management Consulting Group	14-04-2023
17.	Siddharth Suri	47	0	10,204,207	Head - Key Accounts	MBA	22	01-07-2022	Sales Director Duty Free and SAARC markets - Moet Hennesey India	31-01-2024
18.	Subroto Geed	49	0	32,898,880	EVP & Chief Operating Officer - Popular and Franchise Business	B.Pharm, PGDM	23	21-09-2015	GSK Consumer Healthcare	28-07-2023

Annexure-4 (Continued)

Sr. No.	Employee Name	Age (as on 31st March 2024)	No. of shares held	Remuneration paid (in ₹)	Designation & nature of duties	Qualification	Experience	Date of Commencement of employment	Particulars of previous employment	Last working day with the Company
19.	Sunaina Banga	50	0	9,072,012	Vice President - Human Resources	BSc, PGDM HR	27	06-10-2020	National HR Business Partner - Carlsberg India Pvt Ltd	31-07-2023
20.	Uttara Srinivasan	42	0	4,468,299	Vice President - Supply Planning	MBA / B.E	13	03-05-2017	Industry principal, Lead Strategic Projects - Infosys BPO	31-07-2023
21.	Varun Koorichh	41	0	15,227,404	Vice President - Category Head	MBA	15	31-07-2023	Marketing Director, Global Customers - Pepsico	NA*
22.	Varun Singla	44	0	12,764,466	Vice President - Sales	B.com	19	26-07-2012	Zonal Manager - Akzo Noble India Ltd	27-12-2023

**Employees have joined the Company during FY 2023-24 and are continuing in employment hence last working day is not applicable.*

Notes:

- The aforementioned employees have / had permanent employment contracts with the Company.
- Employees mentioned above are neither relatives of any directors of the Company, nor hold 2% or more of the paid-up equity share capital of the Company as per Clause (iii) of sub-rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

By Order of the Board
Mahendra Kumar Sharma
Chairperson
DIN: 00327684

Place: Mumbai
Date : 24th May 2024

Annexure-5

Risk Management

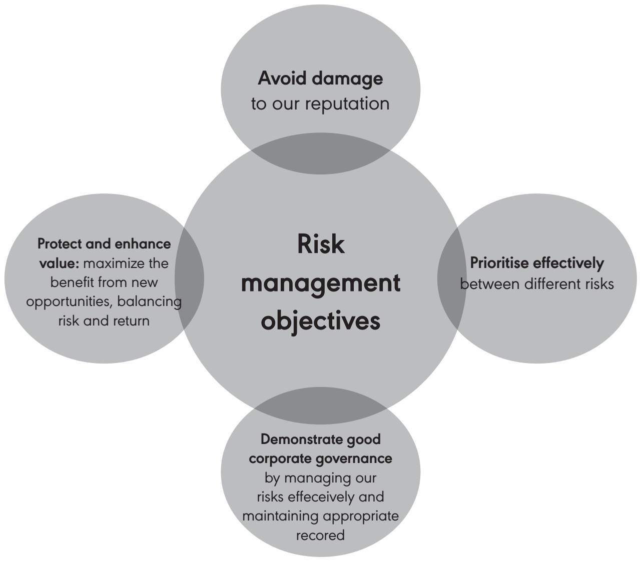
USL's ambition is to create the best performing, most trusted and respected consumer Products Company in India. We believe, Risk management starts with the right conversations to drive better business decisions, protect our assets, supports a growing, resilient and sustainable business. Our focus is to identify and embed mitigation actions for material risks that could impact our current or future performance, and/or our reputation. Our approach is holistic and integrated, bringing together risk management, internal controls, and business integrity, ensuring that our activities across this agenda focus on the risks that could have the greatest impact.

The management of risk is embedded in the corporate strategies of developing a portfolio of world-class businesses that best match organizational capability with market opportunities and succession planning processes, nurturing specialism, and enhancing organizational capabilities through timely developmental inputs.

In its journey towards risk intelligence: A robust governance structure has been developed across the organization. The nature of business is such that it is subject to certain risks at different points of time. Some of these include escalation in the cost of raw materials and other inputs, increasing competitive intensity from other players, changes in regulation from central and state governments, cyber security, data management and migration risks, data privacy risk, environmental and climate risk. USL has always had a proactive approach when it comes to risk management where it periodically reviews the risks and strives to develop appropriate risk mitigation measures for the same. To enhance this focus, Board of Directors has constituted a Committee of the Board called the Risk Management Committee to frame, implement and monitor risk management plan.

Focus in the year: The Risk Management Committee and Board considered the entity level principal risks and reviewed our risk appetite, setting the level of risk tolerance we have for risks that could impact delivery of our strategic objectives. Examples of risks for which we have zero appetite include risks that could: harm our people and environment; impact product quality; cause us to market irresponsibly or otherwise act without integrity; and be non-compliant with laws and regulations, including those relating to financial reporting. Our principal risks remain unchanged and continue to reflect a challenging external environment.

Our risk management objectives are:



Our approach:

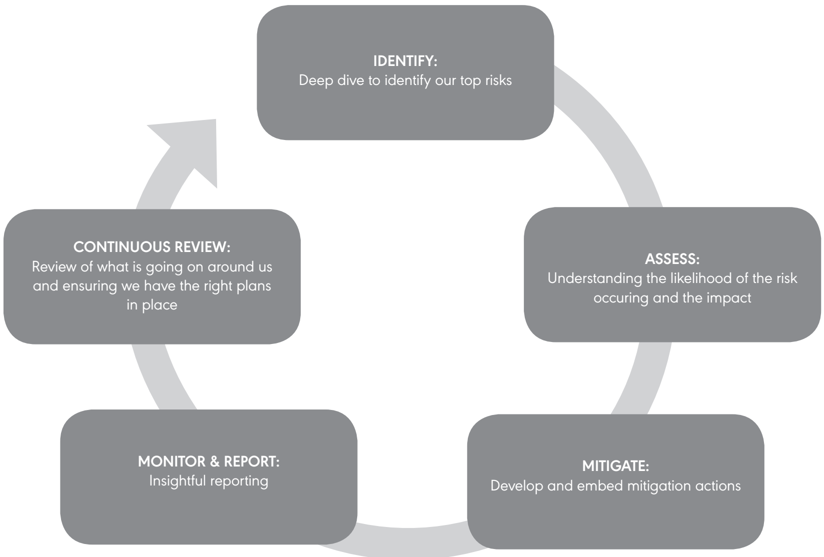
We have identified, assessed, determined expected impact and likelihood of the risk occurring over the next 12-24 months by using various parameters such as brand management, reputation management, Operations management, our people, workplace & safety and financial impact on profit.

Annexure-5 (Continued)

- We take a holistic and end-to-end approach in managing risk.
- All aspects of risk such as commercial, operational, financial, strategic, reputational, and compliance risks, whether internal or external in nature are covered as part of Risk Management Committee meeting.
- The Committee is concerned not only with the risk itself, but root causes and the range of consequences. Insightful, challenging, discussion is at the heart of our approach and is always directed at achieving positive business outcomes.
- We learn lessons when things go wrong or play out unexpectedly.
- We are agile, identify and respond to risks as they arise in the short term, or over the medium and longer terms.
- We are attuned to an evolving external environment and emerging new risks. Risk at Diageo are defined as "an uncertainty that could help or hinder achieving our business objectives". Risk management refers to all the things we do to identify, assess, manage and report on risks.
- We have an existing framework for Entity Level and Process Level controls. Documented policies, KPIs and Statement of Authority are in place. It provides the mechanism for assessing and managing the sum of the opportunities and risks, both external and internal that may impact the business.

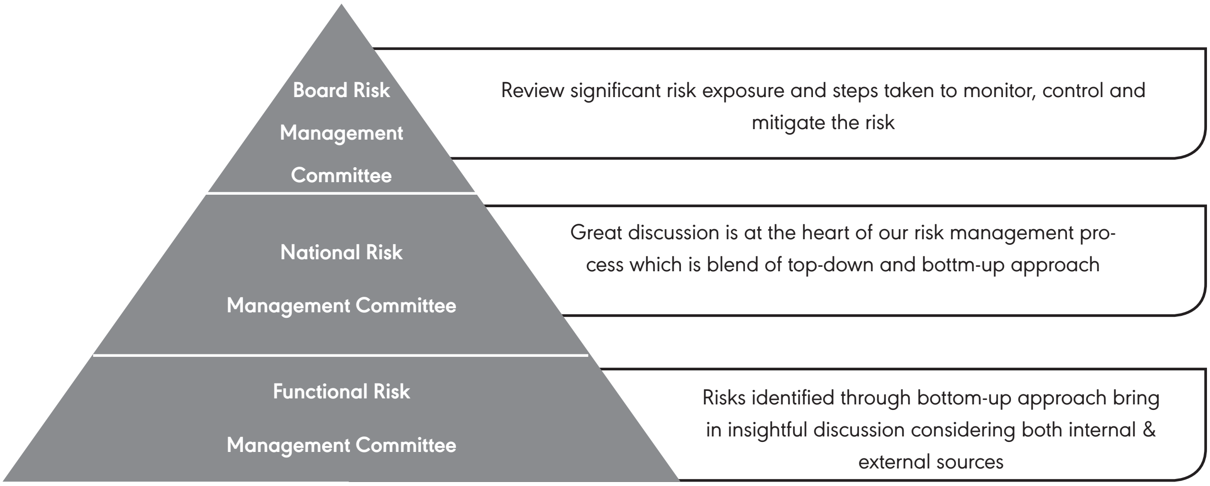
All business functions follow a coordinated process that uses common language of risk and work on the process to either mitigate or reduce the impact of risk. It provides designated owners of the process and risk with a framework for defining the essential tasks of risk management to facilitate timely management of change and ensure effective management of risks. It is driven, demonstrated in action and endorsed by senior management team. The Board exercises independent review through Audit Risk Committee.

Key components of risk management framework:



Annexure-5 (Continued)

Risk governance structure:



Risk Categories:

Following are the broad categories of risks considered in our risk management framework:

Strategic	Operational		Financial		Compliance/Regulatory
1. Strategic Business Model	1. Business resilience	3. People and Workplace Safety	1. Financial Management	2. Treasury	1. Compliance Framework
Organisation structure (Inc. major change and transformation)	Business Disruption and Business continuity	People - Talent Management	Financial reporting and statutory governance	Multiple areas - hedging, banking, dividends, financing, share, schemes, factoring	Third party compliance (inc. KYBP)
Mergers and acquisition & divestures		People - Industrial Relations	Record to Report	Insurance	Data Privacy (inc. GDPR and KYD)
Equity or JV investments		People Workplace Health & Safety	Source to pay		Code of business conduct/ ACC
2. External Environment	2. Business Execution	4. Cyber & Information Management	Order to cash	3. Tax	Anti Money Leundering
International Tax Environment	Business Planning & Forecasting	Theft/Loss of Information and DetaManipulation	Data Maintenance	Corporate Tax (e.g. income tax)	Anti Bribery and Corruption (incl G&E)
Critical Industry Developments	Marketing (Brand Protection including DMC & Digital Code)	IT Supplier Compromise	Segregaton of duties	Indirect Taxes (e.g. customers/ excise/GST)	Competition and anti trust
Sustainability & responsibility and climate change	Supply - vendor third party management	Oprational Technology	Statement of authorities	Transfer Pricing	Sanction and trade controls
Economic Change	Supply Raw Materials, Finished Goods and COGS	Strategy & Service Delivery		4. Payroll & Benefits	Human Rights/Dignity at work
Political instability, civil unrest, and terrorism	Supply - Logistics	Retention & Disposal of Information			
Government regulatory restriction & indirect tax	Supply - Procurement			Pension	
	Supply - Quality Contamination Counterfeit			Payroll	

Annexure-5 (Continued)

Risk management highlights for the year

During the year, the USL Executive committee and Board focused on principal risks falling into several categories including increasingly volatile external environment, political changes, risk posed by critical industry development and business disruptions due to cyber-attacks. Information regarding key risks facing and their mitigation strategies are given here:

1 Performance 2 Reputation 3 Operational 4 Financial 5 Compliance

RISK	IMPACT	MITIGATION ACTIVITY	RISK DIRECTION
Strategic Risk			
Restriction on Market accessibility & risk of pricing environment 1 4	• Impact on profitability	• Continuous representation and engagement with external stakeholders at all levels. • Industry level initiatives in addressing structural barriers to pricing through co-creation of model excise policies, mutually beneficial to the industry and the governments, with state excise depts. • Engage with the Govt on securing Business through various Industry Bodies & Business forums.	
Operational Risk			
Counterfeiting 1 2 4	• Harm to consumers • Corporate and brand reputation is damaged. • Financial losses due to supply disruption, product recalls, penalties, and a loss of consumer trust.	• Mobilize ISWAI cooperation and action in relation to advocacy against Counterfeit. • Support in implementing anti-counterfeiting technology for MAP (Most affected Products) - implementation of the anti-counterfeiting technology on identified products. • Brand protection and anti-counterfeit activities focused on high-risk markets and on new technology to assist with product verification. • Actively working with e-commerce sites to identify counterfeit activities and seek to stop those activities promptly.	
Cyber Risk (Information & Data security) 2 3 4	• Financial loss • Operational disruption • Reputational damage.	• Enterprise-wide cyber risk management processes and policies. • Centralized inventory established for all IT managed applications and infrastructure servers. Centralized inventory established for managing all critical information assets. • Use of machine learning and threat intelligence to detect and block sophisticated threats. All servers, network devices are patched regularly aligned to IM&S policy. • Maintain register of privileged accounts, service accounts, generic accounts, shared accounts for each applications / asset and govern lifecycle management (JML, ownership, password). • Mandatory global e-learning and regular phishing exercises for all employees.	

Annexure-5 (Continued)

Climate change and sustainability 2 3 5	• Impact on raw material procurement and pricing. • Increased sustainability compliance requirement • Restriction on the use of certain raw materials for drinks production.	Water supply (sites & around water shed) • Enhance water circularity to have reuse and recycle. • Improve by use of efficiency across operations. • Replenish more water than we use around communities and implement collective actions. • Improve water efficiency by 40% through improved recycling and identifying alternative technologies for water use /reuse. Raw materials– Barley, Sugarcane and Grapes • Help farmers to practice sustainable agriculture and develop alternative sourcing strategies and alternative ingredients. • Under discussion with suppliers to enter into contracts with farmers ensuring continuous supply	Decrease
Compliance & Regulatory			
Anti-Trust 2 4	• Severe damage to our Company reputation and/ or significant financial penalty.	• Continuous awareness, trainings and communications. • Framework for market data collection (standard operating procedure) finalized with Global & agreed with market stakeholders and being followed. • To analyze and pre-approve market share-based scheme proposals from time-to-time, basis business request. • Actively working with Legal working group set up at industry body to monitor and keep a watch to ensure no anti-competitive practices are followed.	No change

No change Decrease

Annexure-6

Corporate Social Responsibility (CSR)

THE ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR ENDED 31st MARCH 2024

[Pursuant to Section 135 of Act read with Rule 8 of Companies (CSR Policy) Rules, 2014]

1. Brief outline of the CSR Policy of the Company

CSR Strategy of the Company supports our ambition to become the best performing, most trusted, and respected consumer products company in India. Your Company recognizes that its business activities directly affect the lives of people around our plants and in the markets that we operate in. We believe that the communities in which we operate should benefit from our presence. We are aware of the importance of being responsible for our brands, and the way we develop, produce, and sell them. As one of the world's leading alcoholic beverage businesses, we want to be at the forefront of industry efforts to promote responsible drinking and reduce the harmful use of alcohol. Our Sustainability & Responsibility Strategy integrates social responsibility into our core business to create value for the society and our shareholders.

2. Composition of Corporate Social Responsibility and Environmental, Social and Governance (CSR and ESG) Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR and ESG Committee held during the year	Number of meetings of CSR and ESG Committee attended during the year
1.	Indu Shahani	Non-Executive Independent Director	4	4
2.	Hina Nagarajan	Managing Director and Chief Executive Officer	4	4
3.	D Sivanandhan	Non-Executive Independent Director	4	4
4.	Mark Sandys	Non-Executive Director	4	4
5.	Ms. Emily Kathryn Gibson*	Non-Executive Director	2	2

**Emily Kathryn Gibson appointed as a member with effect from 7th September 2023.*

3. Web link where the Composition of the CSR and ESG Committee, CSR Policy, and CSR projects approved by the Board is disclosed on the website of the Company:

https://www.diageoindia.com/en/investors/corporate-social-responsibility

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

Projects Covered	6 projects having budget of more than 1 crore each during the financial year 2021-22 were taken up for impact assessment.
Projects Duration	FY 21-22
Impact Assessment Agency	Grant Thornton Bharat LLP
Period of Study	FY 23-24
Methodology	The agency took up studies through a mixed method approach covering quantitative and qualitative data collection. A statistically significant sample size was covered under each project.

Annexure-6 (Continued)

Projects	Impact recorded
Water Replenishment, Nanded, Maharashtra	The project was initiated with the aim to improve access to water and sanitation in Nanded district of Maharashtra. It focused on water replenishment, construction of WASH infrastructure along with awareness generation on sanitation and water conservation. The key activities under the project included rainwater harvesting (RWH), surface water recharge, water body de-siltation, construction of toilets, along with awareness workshops with the community and students. The key impacts were: • 49% of the respondents in Balapur and 50% in Ratnali noted an increase in water levels post de-siltation. Further, distribution of the recovered silt to farmers has led to an increase (by approximately 25%) in the income of beneficiaries. • Post Desiltation, increased capacity of the ponds has led to an overall improvement in the health and wellbeing of the community. There was an Increase in yield noted from 4 to 7 quintals after usage of silt. • Installation of RO systems: 71% respondents rated the quality of water as Excellent in Aloor, while 51% and 56% respondents in Sirajkhod and Bellur BK respectively rated it was Excellent. • The students stated that fever and stomach pain were common ailments before installation of RO plant. However, with the RO plant, students and community members have access to clean and safe drinking water at the school. • Toilet Construction: The intervention has helped improve community's access to safer sanitation and encourages the adoption of safer sanitary practices. It has led to better knowledge on the issues of open defecation and the need to use toilets.
Wrong Side of the Road: Creating awareness on Impacts of drink driving:	The Company is implementing its programme on educating consumers on the impacts of drink driving. It is being implemented across various Regional Transport Offices in India through a Tab Lab model where new driving license seekers must attend this programme as a part of the process. In FY 21-22, we started with our presence across 19 RTOs which is now increased to 31 RTOs in FY 23-24. Some of the Key impacts were: • As per one of the RTO, Alwar: The project implemented by Diageo has resulted in creating a positive impact on the lives of people. • As per RTO, Aligarh: Use of such online platforms help develop better understanding among people. This ensures higher retention of information and practice in real life.
Covid 19 Support: Pune, Maharashtra	The Company extended its support to Sub-district Hospital in Manchar District, Pune with 18 ventilators and 30 fowler beds during COVID 19 second wave. Some of the Key impacts are as follows: • The support provided by Diageo boosted the hospital's operations and helped cater to both critical patients and non-critical patients of COVID-19. • The hospital staff stated that with the increase in number of beds and ventilators, residents in Manchar did not have to travel to other private hospitals seeking treatment. The hospital operated at a capacity of 288 beds which included 244 oxygen beds and 44 ICU beds.
Covid 19 Support: Uttar Pradesh	The Company extended its support to install Oxygen generation plants across 5 Community Health centres in Uttar Pradesh. Some of the Key impacts are as follows: • The plants improved accessibility among community members. The number of patients being treated with additional oxygen also increased. • The installation of plants helped make the CHCs more independent and improved preparedness during the pandemic. • The CHCs faced both critical and non-critical cases. With the additional supply, the CHCs were able to facilitate the critical cases that required medical oxygen.

Annexure-6 (Continued)

Covid 19 Support: Delhi	The Company provided eight container clinics in Delhi with the aim to support basic medical care for those in need. Mohalla clinics have been set up for curative care on minor ailments. These are free of cost and within walking distance in the urban slums. Thus, making primary care more accessible and affordable. The key impacts were: • Installation of Mohalla clinics have resulted in better accessibility to primary healthcare facilities for the communities. People living in the vicinity of the clinics have easy access with low cost of transportation. • The clinics are designed through discarded shipping containers which minimizes the cost for installation. Further, these cater to many people in smaller neighbourhood and are fully equipped with necessary facilities. • A Doctor at the clinic stated: "The contribution has greatly improved healthcare services. The number of patients has significantly increased daily. In the past, 50 70 patients visited, but now 100 150 arrive daily."
Covid 19 Support: Yadgiri, Karnataka	During COVID-19, The Company extended its support to individuals and hospitals through provision of medical care. This included Provision of 30 beds/cots, 4 ventilators and 1 PSA oxygen plant in CHC Hunasagi, Yadgir, Karnataka. The support ensured: • Availability of healthcare: It upgraded the CHC's facilities, ensuring the surrounding community has better availability of healthcare services. • Quality of healthcare: The support not only ensures availability of services but also provides accessibility to quality resources such as medical equipment, beds etc. • Emergency based relief: It ensured immediate relief and helped communities face challenges at the most crucial of times. Sustainability of support: Improvement in the CHC's capacity to deliver effective health services, positively impacts the well-being of communities in the future.

For detailed reports please visit the web link https://www.diageoindia.com/en/investors/corporate-social-responsibility.

5

Sr. No.	Particulars	Amounts (₹ in Crore)
5(a)	Average net profit of the Company as per Section 135(5) of the Companies Act, 2013:	931.83
5(b)	Two percent of average net profit of the Company as per Section 135(5) of the Companies Act, 2013:	18.64
5(c)	Surplus arising out of CSR projects or programs or projects or activities of the previous financial years:	Nil
5(d)	Amount required to be set-off for the financial year, if any:	Nil
5(e)	Total CSR obligation for the financial year [(b)+(c)-(d)]:	18.64

6.

Sr. No.	Particulars	Amounts (₹ in Crore)
6(a)	Amount spent on CSR projects (both Ongoing projects and other than Ongoing Project):	19.68
6(b)	Amount spent in Administrative Overheads:	0.98
6(c)	Amount spent on Impact Assessment, if applicable:	0.29
6(d)	Total amount spent for the financial year [(a)+(b)+(c)]:	20.95

Annexure-6 (Continued)

(e) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (in crore)	Amount unspent (in crore)				
	Total amount transferred to unspent CSR account as per Section 135(6) of the Companies Act, 2013		Amount transferred to any Fund specified under Schedule VII as per the second proviso to Section 135(5) of the Companies Act, 2013		
	Amount (in crore)	Date of Transfer	Name of the Fund	(in crore)	Date of Transfer
20.95	N.A.	N.A.	N.A.	N.A	N.A.

(f) Excess amount for set off, if any*:

S I . No.	Particulars	Amount (in ₹ crore)
(i)	Two percent of the average net profit of the Company as per Section 135(5) of the Companies Act, 2013	18.64
(ii)	Total amount spent for the financial year	20.95
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.31
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	N.A.
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.31

7. Details of unspent Corporate Social Responsibility amount for the preceding three financial years:

Sl. No.	Preceding financial year(s)	Amount transferred to unspent CSR Account under section 135 (6) of the Companies Act, 2013 (in crore)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in crore)	Amount spent in the financial year (in crore)	Amount transferred to any fund specified under Schedule VII as per Section 135(6) of the Companies Act, 2013, if any		Amount remaining to be spent in succeeding financial years (in crore)	Deficiency, if any
					Amount (in crore)	Date of Transfer		
1.	FY 22-23	7.88	Nil	7.88	N.A.	N.A.	N.A.	

8. Whether any capital asset have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year : No

If Yes, enter the number of Capital assets created / acquired:

Furnish the details relating to the asset so created or acquired through Corporate Social Responsibility amount spent in the financial year:

Sl. No.	Short particulars of the property of asset(s) (including complete address and location of the property)	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration number, if applicable	Name	Registered address

Annexure-6 (Continued)

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. **Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5) of the Companies Act, 2013:** Not applicable

Hina Nagarajan (Managing Director and Chief Executive Officer) DIN: 00048506	**Indu Shahani** (Chairperson CSR & ESG Committee) DIN: 00112289

Date: Mumbai
Place: 24th May 2024

Annexure-7

A) (i) Conservation of Energy

As a responsible corporate, your Company has committed to eliminate the use of fossil fuel for all your energy requirement for distilleries by installing all Boilers which can use Biomass as fuel and with this 100% of energy requirement for all our distilleries are being met through renewable fuel. Past four years your Company has sustained Zero Coal/fossil fuel status. Your Company has well progressed to achieve 100% renewable electricity status by generating renewable electricity through steam turbines, biogas engines, Solar electricity, and International Renewable Electricity Certificates (i-REC).

Your Company has ensured that all distilleries are equipped with steam turbines across Distillery operations to generate renewable electricity.

Your Company doubled its Solar Potential by installing Solar Power System across our distilleries at Alwar, Goa, Kumbalgodu, Nasik and Baramati and this should help us in enhancing in-house potential of Renewable Electricity.

Your Company has committed to achieve 100% Renewable energy for own Operations through Society 2030: Spirit of Progress ambition.

Your Company is well on your way to achieve 100% renewable energy and renewable Electricity status through investing in enhancing in house capability to generate renewable electricity and conservation of Energy.

(ii) Renewable Energy (Own units):

As an entity, your Company improving consistently in the following areas and making steady progress.

- Committed to Conserve energy and Improve energy efficiency.
- Committed towards achieving 100% renewable energy status and 100 % Renewable Electricity Status.
- Committed to use only Biofuel across boilers at all distilleries for all thermal energy requirements.
- Self-generation of renewable electricity through steam turbines and Solar Panels.
- Procurement of International Renewable Energy Certificates (i-REC) for electricity purchased from grid.

B) Technology Absorption

(i) The efforts made towards technology absorption.

A. Fully integrated high speed packaging line installed at multiple units with built in reliability, enhanced automation with quality assurance capabilities in compliance with safety standards and guidelines.

B. Artificial Intelligence Based Visual Automatic Inspection Systems for Empty Bottle, Filled Bottle & Labelled Bottle to ensure Zero Quality issues in final Product – This is to enable quality assurance and to bring in Customer Delight.

C. Biogas produced from distillery waste is utilized in Boiler for reduction of Fuel consumption.

D. Implemented Blend module filtration technology to improve quality of liquid, this is a step towards elimination of paper filter across brands and support lower replacement frequency.

E. Installation of roof insulation to reduce losses in maturation process, leading to lower footprint impact on water and carbon to produce more new make spirit, first of its kind for The Company.

F. Installation of LEL and Gas detectors to improve safe working condition in Maturation warehouse and quality LAB operations, first of its kind for Diageo.

Annexure-7 (Continued)

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution.

The Drive towards automations enables delivery with respect to less dependency on manpower, high outputs, low operating cost, improved safety & quality.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

(a) The details of technology imported: Bottle Inspection Systems, Corking & Capsuling Machines

(b) The year of import: 2022 and 2023.

(c) Whether the technology been fully absorbed: Yes. Inspection Systems are completely Installed and operating at Nimapada, Alwar & Kumbalgodu.

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not applicable.

(iv) The expenditure incurred on Research and Development:

Around ₹ 25 crore capital has been spent on Research and Development which includes renovation and Innovation.

C) Foreign Exchange Earnings and Outgo

Foreign Exchange Earning and Outgo-	(₹ in crore)
Foreign Exchange earned in terms of actual inflows during the year	142.86
Foreign Exchange outgo in terms of actual outflows during the year	998.56

By Order of the Board
Mahendra Kumar Sharma
Chairperson
DIN: 00327684

Place: Mumbai
Date: 24th May 2024

Corporate Governance Report

1. Company's philosophy on code of corporate governance

We believe in governance that supports not only the Company but also the value of the shareholders and Company's stakeholders. The path we have set out will be holistic and based on practices which helps achieve the Company's goals in an ethical, compliant, and professional manner.

2. Board of Directors

2.1 The Board composition is in conformity with applicable provisions of the Companies Act, 2013 ('the Act') and Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time.

2.2 As on the date of this report, Composition of the Board of Directors of the Company is as follows:

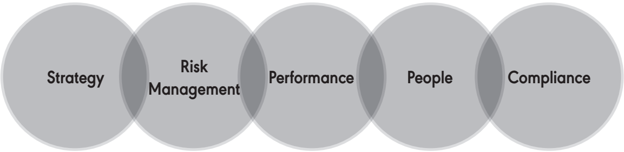
Category		Number of Directors
i)	Non-Independent Directors	
	Managing Director	1
	Executive Director	1
	Non-executive Directors	3
ii)	Independent Directors (including the Chairperson and a woman director)	7
Total Strength (i + ii)		**12**

2.3 In the opinion of the Board, the Independent Directors fulfilled the conditions specified in Listing Regulations and are independent of the management. None of the Directors are *inter-se* related to each other. No Independent Director has resigned before expiry of his/her term during the financial year.

2.4 None of the Directors hold directorship in more than 10 public companies or serves as director or independent director in more than 7 listed companies. Further, none of them is a member of more than 10 committees or Chairperson of more than 5 committees across all public companies in which he/she is a director as provided in regulation 26(1) of Listing Regulations.

2.5 Your Company has a balanced mix of executive, non-executive and Independent Directors from diverse backgrounds which enables the Board to discharge its duties and responsibilities in an effective manner.

The Board has set the following yardsticks in the context of its business and for its effective functioning:



Strategy: Directors help develop proposals on strategy;

Risk Management: Ensuring that integrity of financial information is maintained and that the financial controls and systems of risk management are robust;

Performance: Directors review and monitor the performance of management in terms of agreed goals and objectives;

People: Directors play a prime role in determining appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and senior management and in appointing/retaining Executive Directors, Key Managerial Personnel and senior management and in succession planning;

Compliance: Maintain checks over the governance, and compliance with the applicable legislation and regulations and the conformity of the Company's practices to accepted governance norms.

The directors strive to achieve the above through insights obtained from a combination of experience and expertise in their respective areas such as FMCG sector, Investment Banking sector, Legal, Finance, Administration, Technical Knowledge and Global exposure.

2.6 Attendance of each Director at the Board Meetings and at the last Annual General Meeting (AGM) and details of the number of outside directorships and committee positions held by each of the Directors as on 31st March 2024 are given below:

Corporate Governance Report (Continued)

Name of Director and Category	No. of Board Meetings attended during the financial year	Attendance at last AGM held on 31st July 2023	No. of directorships in other unlisted public and listed companies as on 31st March 2024*	No. of committees (other than the Company)		Directorships in other listed companies and category of directorship
				Chairperson	Member	
Mr. Mahendra Kumar Sharma (Independent Non-Executive Director and Chairperson)	4	No	1	1	1	Nil
Ms. Hina Nagarajan (Managing Director and Chief Executive Officer)	5	Yes	Nil	Nil	Nil	Nil
Mr. Pradeep Jain (Executive Director and Chief Financial Officer)	5	Yes	Nil	Nil	Nil	Nil
Mr. V K Viswanathan (Independent Non-Executive Director)	5	Yes	5	3	5	1. HDFC Life Insurance Company Limited (Independent Director) 2. KSB Limited (Independent Director) 3. ABB India Limited (Independent Director)
Dr. Indu Shahani (Independent Non-Executive Director)	5	Yes	3	1	5	1. Bajaj Electricals Limited (Independent Director) 2. Colgate Palmolive (India) Limited (Independent Director) 3. Heubach Colorants India Limited (formerly known as Clariant Chemicals (India) Limited (Independent Director)
Mr. D Sivanandhan (Independent Non-Executive Director)	5	Yes	8	1	6	1. Forbes & Company Limited (Independent Director) 2. Kirloskar Industries Limited (Independent Director) 3. Inditrade Capital Limited (Independent Director) 4. AGS Transact Technologies Limited (Independent Director)
Mr. Rajeev Gupta (Independent Non-Executive Director)	4	No	4	1	3	1. EIH Limited (Independent Director) 2. Rane Holdings Limited (Independent Director) 3. TV Today Network Limited (Independent Director) 4. Vardhman Special Steels Limited (Independent Director)
Ms. Mamta Sundara (Non-Executive Director)	4	Yes	Nil	Nil	Nil	Nil
Mr. Mark Sandys (Non-Executive Director)	4	No	Nil	Nil	Nil	Nil

Corporate Governance Report (Continued)

Name of Director and Category	No. of Board Meetings attended during the financial year	Attendance at last AGM held on 31st July 2023	No. of directorships in other unlisted public and listed companies as on 31st March 2024*	No. of committees (other than the Company)		Directorships in other listed companies and category of directorship
				Chairperson	Member	
Ms. Emily Kathryn Gibson[$] (Non-Executive Director)	2	NA	Nil	Nil	Nil	Nil
Dr. Indu Bhushan[$$] (Independent Non- Executive Director)	NA	NA	5	2	5	1. Godrej Properties Limited (Independent Director) 2. Balrampur Chini Mills (Independent Director) 3. Colgate- Palmolive (India) Limited (Independent Director)
Mr. Mukesh Butani[$$$] (Independent Non- Executive Director)	NA	NA	3	3	5	1. Dabur India Limited (Independent Director) 2. Hitachi Energy India Limited (Independent Director) 3. Latent View Analytics Limited (Independent Director)
Mr. John Thomas Kennedy[#] (Non- Executive Director)	1	NA	Nil	Nil	Nil	Nil

$-Ms. Emily Kathryn Gibson was appointed as a Non-Executive Non-Independent Director with effect from 7th September 2023.

$$- Dr. Indu Bhushan was appointed as a Non-Executive Independent Director with effect from 1st March 2024.

$$$- Mr. Mukesh Butani was appointed as a Non-Executive Independent Director with effect from 1st March 2024.

#- Mr. John Thomas Kennedy resigned as a Non-Executive director from end of the day 30th June 2023.

* Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

*NA – Not Applicable

Note:

- Directorships mentioned above is excluding their directorship in United Spirits Limited
- In the committee details provided, every chairpersonship is also considered as a membership.
- The above details are in respect of their directorships only in Indian companies and committee memberships and chairpersonships in Audit Committee and Stakeholders Relationship Committee in terms of Regulation 26(1) of the Listing Regulations. The last column consists of listed Indian companies only in terms of Regulation 17A of the Listing Regulations.
- The Board at its meeting held on 24th May 2024 approved appointment of Ms. Amrita Gangotra as Non-Executive Independent Director effective 1st September 2024 subject to members' approval.

Corporate Governance Report (Continued)

2.7 During the financial year under review, Five Board Meetings were held, i.e., on 18th May 2023, 20th July 2023, 6th September 2023, 8th November 2023, 23rd January 2024 and the gap between any two Board Meetings did not exceed 120 days.

Name of Director and Category	1 18-May-23	2 20-Jul-23	3 6-Sep-23	4 8-Nov-23	5 23-Jan-24	% of Meeting attended during the year
Mr. Mahendra Kumar Sharma (Independent Director and Chairperson)	✓	LOA	✓	✓	✓	80%
Ms. Hina Nagarajan (Managing Director and Chief Executive Officer)	✓	✓	✓	✓	✓	100%
Mr. Pradeep Jain (Executive Director and Chief Financial Officer)	✓	✓	✓	✓	✓	100%
Mr. V K Viswanathan (Independent Director)	✓	✓	✓	✓	✓	100%
Dr. Indu Shahani (Independent Director)	✓	✓	✓	✓	✓	100%
Mr. D Sivanandhan (Independent Director)	✓	✓	✓	✓	✓	100%
Mr. Rajeev Gupta (Independent Director)	LOA	✓	✓	✓	✓	80%
Ms. Mamta Sundara (Non-Executive Director)	✓	✓	LOA	✓	✓	80%
Mr. Mark Sandys (Non-Executive Director)	✓	✓	✓	LOA	✓	80%
Ms. Emily Kathryn Gibson$ (Non-Executive Director)	NA	NA	NA	✓	✓	100%
Dr. Indu Bhushan$$ (Independent Director)	NA	NA	NA	NA	NA	--
Mr. Mukesh Butani$$$ (Independent Director)	NA	NA	NA	NA	NA	--
Mr. John Thomas Kennedy# (Non-Executive Director)	✓	NA	NA	NA	NA	100%

$-Ms. Emily Kathryn Gibson was appointed as a Non-Executive Non-Independent Director with effect from 7th September 2023.

$$- Dr. Indu Bhushan was appointed as a Non-Executive Independent Director with effect from 1st March 2024.

$$$- Mr. Mukesh Butani was appointed as a Non-Executive Independent Director with effect from 1st March 2024.

#- Mr. John Thomas Kennedy resigned as a Non-Executive Director from end of the day 30th June 2023.

NA - Not Applicable

LOA - Leave of Absence

Corporate Governance Report (Continued)

2.8 Awards and recognition

- Hina Nagarajan, MD & CEO, was awarded the coveted Economic Times Corporate Excellence award as 'Businesswoman Of The Year' in 2023; '50 Most Powerful Women In Business' by Fortune India in 2023; 'Most Powerful Women In Business 2023' by Business Today; 'Most Influential Women 2024' by Business World; 'Woman CEO Of The Year 2023' by ET Prime, 'Icons of Excellence Award' by Forbes India 2024 and featured in 'The She List' by India Today.

- The Company received the Gold Employer by Pride Circle India Workplace Equality Index.

- The Company received Distiller of the year recognition at the 2024 Icons of Whisky India awards 2024

- The Company won 2 awards for its ESG initiatives: Excellence in Contribution to ESG at the Ambrosia INDSPIRIT Awards 2024 and CSR Company Of The Year award by Spiritz magazine.

- Nimpara unit received 2 Gold awards from Quality Circle Forum of India (QCFI) for enhancing Overall Equipment Efficiency (OEE) in Line No. 3 and improving the Manpower Productivity (Cases per Man Hour) in Q2F23.

- Baramati unit won multiple awards including:

  - Two Gold awards from Quality Circle Forum of India (QCFI) for enhancing Overall Equipment Efficiency (OEE) by June 2023 and improving Water Factor & Multi Effect Evaporator Plant (MEEP) Condensate Recovery in FY23.

  - Silver award for improving Cases per Man Hour (CPMH) by FY23.

  - International level award for Safety Culture & Practice Improvements at site level from British Safety Council.

  - Gold award from Occupational Health, Safety & Sustainability Association of India (OHSSAI) Global in EHS (Environment and Occupation Healthy and Safety) category.

- Nashik unit received multiple awards including:

  - Gold award for Digitalization for Traceability at the 5th CII - Food and Agriculture Centre of Excellence (FACE) KAIZEN Competition on Food Safety and Quality.

  - Appreciation award for Mashing Efficiency and Malt Spirit Quality Improvement at the 5th CII - FACE KAIZEN Competition on Food Safety and Quality.

  - Gold award from OHSSAI Global in OHS (Occupational Health and Safety) category.

- Kumbalgodu plant bagged Best Implementation award at the 37th CII Karnataka state level Quality Circle Competition 2023 and a Gold award from OHSSAI for OHS (Occupational Health and Safety) Category.

- The Alwar distillery in Rajasthan won two awards at Icons of Whisky India 2024 - Craft Distillery of the year and Sustainable Distillery of the Year.

- Our brands bagged multiple awards including

- **Johnnie Walker Refreshing Mixer:**

  - Gold award at the Exchange4media (E4M) Indian Marketing Awards (IMA) for Johnnie Walker ReVibe campaign and a Silver for Brand Rejuvenation for the Walker's & Co campaign.

  - Silver award in the Best Media Innovation Digital Social Media category for the Johnnie Walker Drone Campaign at the Emvies Awards.

  - Two Bronze awards at the E4M IMA South Awards for the Walker's and Co. campaign.

  - Bronze award for Community Building for Walker's & Co. campaign at the E4M The Mobile Marketing Awards (MADDIES).

- Six distinguished honours at the prestigious Indian Digital Marketing Awards'23 including:

  - Two Gold awards for the Best Use of Topical Posts in a Campaign and Breakthrough Technology as Part of a Campaign categories, two Silver awards for the Best Use of Experiential Tech for Digital & Physical Experiences and Best Digital OOH Campaign categories and one Bronze award for Leveraging Social Media to Boost Brand ROI & Engagement for the Spotted a Mysterious Walker in the skies of Goa campaign.

  - Bronze award for Best Digital OOH Campaign category for outstanding work with Walker's & Co.

Corporate Governance Report (Continued)

Black & White Ginger Ale:

- Gold award in Brand Extension - Food and Beverages category and Silver award in the Best Use of Digital Marketing/Social Media - Social Impact category for Black & White's Inclusivity and Diversity campaign at the E4M IMA South Awards.
- Three awards at the E4M MADDIES 2023:
  - o Gold award for Gender Equity
  - o Silver award for Maximising Mobile Advertising / Programmatic and Machine Learning category and a Bronze for Best Use of Social Media for the Black & White X Bobble campaign.
- Silver award in the Best Mobile Marketing Campaign category and a Bronze in the Best Digital Campaign category at the Dragons of Asia Awards, 2023.
- Gold award for the Best use of Technology and Silver award for Best use of Sports or E-Sports Marketing at the Exchange4media (E4M) Indian Marketing Awards (IMA).

- **McDowell's No 1 Soda:**
  - o Three Bronze awards at the E4M IMA for Best Use of PR, Best Use of Omni Channel Marketing and Best Use of Experiential Marketing.
  - o Two Silver awards for Brand Extension - Food and Beverages and Talent/Influencer Marketing - Food and Beverages categories and two Bronze awards for Best Use of Integrated Media - Food and Beverages and Innovative Use of Technology for the No. 1 Yaari Jam Fest Making 'Yaari' the New Cool! campaign at IMA South Awards.
  - o Silver award for Relationship Building/Remarketing at the E4M MADDIES.
  - o Four awards at the prestigious Indian Digital Marketing Awards'23:
    - Three Bronze awards for the No. 1 Yaari Jam Fest Making 'Yaari' the New Cool! campaign for Best Website/ Microsite, Best Campaign - Online Advertising & Digital Direct Response, and Best Integrated Media Campaign - Product/Services.
    - Silver award for the Best Integrated Media Campaign – Films/TV Shows/News Shows/ Events award.

- **Signature Packaged Drinking Water:**
  - o Gold award at the IMA South Awards for the Ziro Music Festival Driving a Sustainability campaign in the category of Brand Extension - Food and Beverages.
  - o Gold award for the Best Multi Mobile Channel Campaign for the Signature Green Vibes campaign at the E4M MADDIES.

- **Black Dog Whisky:**
  - o Silver award for Design Effectiveness at the Pentawards and two Silver awards for Logo Design and Packaging Design by Graphis Design Annual.
  - o Silver award for Packaging Design and bronze award for Best Brand Identity at Marketers' Excellence Awards by afaqs.
  - o Best Packaging award (unit pack) at Ambrosia INDSPIRIT Awards 2024

Godawan & G100 artisanal single malt:

- Two Silver awards for Packaging Design at the FAB Awards and Graphis Design Annual.
- Two Gold awards for the Best use of Visual Property and Best use of Packaging Design and bronze for Best Strategic and Creative Development of a New Brand by Transform Awards Asia.
- Silver award for Dark Spirits Packaging Design and Bronze for Godawan 100 Packaging Design at the Harpers Design Awards.
- Two Baby Blue Elephant awards for Godawan Packaging Design and G100 Luxury Packaging Design by Kyoorius Design.
- Two People's Choice awards for Packaging Design and Brand Design and a Bronze for Packaging Design by Creativepool Annual.
- Two Gold awards for Packaging Design and Best Brand Identity at afaqs Marketers' Excellence Awards.

Corporate Governance Report (Continued)

- Bronze awards for Brand Design & Packaging Design at the International Spirits Challenge.
- Best Packaging award (Graphics) at Ambrosia INDSPIRIT Awards 2024
- Two Gold awards for the second year in a row at the prestigious Monde Selection Whisky Awards and four Gold awards at the London Spirits and one Silver award at the Denver International competition.
- Antiquity whisky won a silver award for Packaging Design at the Graphis Design Annual and was awarded Best IMFL Super Premium Whisky at Ambrosia INDSPIRIT Awards 2024
- Royal Challenge whisky won a silver for Packaging Design at the Graphis Design Annual.
- Royal Challenge American Pride whisky won a silver for Packaging Design at the Graphis Design Annual.

2.9 Web link where details of familiarization programs imparted to independent directors is disclosed.

The details of the familiarization programs imparted to the Independent Directors are disclosed on the Company's website at https://media.diageo.com/diageo-corporate-media/media/q2zfqzox/directors-familiarisation-program-details_31mar2024.pdf

2.10 Matrix setting out the core Skills /Expertise/ Competence of the Board of Directors

A chart/Matrix setting out the core skills/expertise/competencies identified by the Nomination and Remuneration Committee and the Board in the context of the Company's business and sectors as required for it to function effectively and those available with the Board along with the name of Directors who have such skills/expertise/competence are given below:

Name of Director	Skills/Expertise/Competency					
	Director Identification Number (DIN)	Leadership	Managerial Experience	Diversity	Risk Management	Corporate Governance
Mr. Mahendra Kumar Sharma	00327684	✓	✓	✓	✓	✓
Ms. Hina Nagarajan	00048506	✓	✓	✓	✓	✓
Mr. Pradeep Jain	02110401	✓	✓	✓	✓	✓
Mr. V K Viswanathan	01782934	✓	✓	✓	✓	✓
Dr. Indu Shahani	00112289	✓	✓	✓	✓	✓
Mr. D Sivanandhan	03607203	✓	✓	✓	✓	✓
Mr. Rajeev Gupta	00241501	✓	✓	✓	✓	✓
Mr. Mark Dominic Sandys	09543864	✓	✓	✓	✓	✓
Ms. Mamta Sundara	05356182	✓	✓	✓	✓	✓
Ms. Emily Kathryn Gibson	10294270	✓	✓	✓	✓	✓
Dr. Indu Bhushan	09302960	✓	✓	✓	✓	✓
Mr. Mukesh Bhutani	01452839	✓	✓	✓	✓	✓

2.11 Disclosures regarding appointment and re-appointment of directors

The details of appointment/re-appointment of directors are mentioned in point 9 of the Board's Report pursuant to Regulation 36(3) of Listing Regulations. Brief profile of the director who is being re-appointed is mentioned as part of the 25th AGM Notice.

Corporate Governance Report (Continued)

3. Audit Committee

3.1 During the year under review, the composition of the Audit Committee was as under:

Name of the Director	Designation
Mr. V K Viswanathan (Chairperson)	Independent Director
Mr. Rajeev Gupta	Independent Director
Mr. Mahendra Kumar Sharma	Independent Director
Mr. John Thomas Kennedy*	Non-Executive Director

**Ceased to be a member from end of day 30th June 2023, due to resignation as a Director.*

The Company Secretary acts as the secretary to the Audit Committee.

3.2 Pursuant to Regulation 18(3) and Part C of Schedule II of Listing Regulations, the detailed terms of reference of the Audit Committee is available on website of the Company https://media.diageo.com/diageo-corporate-media/media/khtjtsfb/audit-committee-charter_2022.pdf

Key Terms of Reference of the committee are:

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.

b) Recommending the appointment, remuneration and terms of appointment and removal of statutory auditors.

c) Review and monitor the auditor's independence, qualification, expertise, resources, objectivity, independence, performance and effectiveness of the auditors and the audit process.

d) Approval of payment to the Statutory Auditors for non- audit services rendered by them.

e) Discuss with the external auditors problems and reservations arising from their audits, and any other matter the external auditors may wish to discuss.

f) Examination of the financial statement and the auditors' report thereon.

g) Scrutiny of inter-corporate loans and investments and other loans and investments if any.

h) Valuation of undertakings or assets of the Company.

i) Evaluation of internal financial controls and risk management.

j) Reviewing with the management and auditors, the quarterly or annual or other periodical financial statements before submission to the Board for approval, focusing primarily on:

i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Act.

ii. Major accounting entries and decisions based on exercise of judgement by management.

iii. Changes if any in Accounting policies and practices and reasons for the same.

iv. The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed.

v. Qualifications/ modified opinion(s) in the draft audit report.

vi. Significant adjustments arising out of audit.

vii. Critical accounting policies and practices, and any changes in them.

viii. The going concern assumption.

ix. Compliance with Accounting Standards.

x. Regulatory Compliances including Tax Compliances, Compliance with listing and other legal requirements concerning financial statements.

xi. Prior approval or any subsequent modifications of transactions of the Company with related parties including omnibus approval of such RPT and disclosure of any such related party transactions. The term "related party transactions" (RPT) shall have the same meaning as contained in the the Act and Listing Regulations or such Accounting Standards, issued by The Institute of Chartered Accountants of India, as may be amended from time to time.

xii. Review disclosure of any related party transactions.

xiii. Review and follow up of open matters arisen from Past Meetings.

k) Monitoring and reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

Corporate Governance Report (Continued)

l) Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control system, risk management system, control over financial reporting, and propose wording relating to these in the annual financial statements.

m) Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, areas of coverage and frequency of internal audit and approval of internal audit charter.

n) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

o) Discussion with internal auditors any significant findings and follow up thereon.

p) Discussion with statutory auditors and internal auditors before the audit commences about nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.

q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.

r) To review the functioning of the Vigil/Whistle Blower mechanism and extend the applicability to directors also and ensure adequate safeguard against victimization of directors/ employees/any other person who avail the mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate/ exceptional cases.

s) Approval of appointment of Chief Financial Officer (CFO) i.e., the whole time Finance Director or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background, etc. of the candidate. The Audit Committee shall consider for appointment to the position of CFO such candidates who, from time to time are nominated in accordance with the Articles of Association of the Company.

3.3 The Audit Committee, *inter alia*, has reviewed the financial statements including Auditors' Report for the year ended 31st March 2024 and has recommended its adoption. In addition, the Audit Committee had also reviewed the unaudited quarterly financial results for the quarter ended 30th June 2023, quarterly and 6 months ended 30th September and quarterly and nine months ended 31st December 2023 (which were subjected to a limited review by the Statutory Auditors of the Company).

3.4 During the financial year under review, five meetings of the Audit Committee were held i.e., on 17th & 18th May 2023, 19th & 20th July 2023, 06th September 2023, 7th & 8th November 2023 and 19th & 23rd January 2024, and the gap between any two Audit Committee Meetings did not exceed 120 days. The details of attendance by members of the Audit Committee at such meetings are as stated below:

Name of Director	1	2	3	4	5
	17th & 18th May 2023	19th & 20th July 2023	6th September 2023	7th & 8th November 2023	19th & 23rd January 2024
Mr. V K Viswanathan	✓	✓	✓	✓	✓
Mr. Rajeev Gupta	LOA*	✓	✓	✓	✓
Mr. Mahendra Kumar Sharma	✓	LOA	✓	✓	✓
Mr. John Thomas Kennedy*	✓	NA	NA	NA	NA

**Ceased to be a member from end of day 30th June 2023, due to resignation as a Director.*

LOA - Leave of Absence

NA - Not Applicable

4. Nomination and Remuneration Committee

4.1 During the year under review, the composition of Nomination and Remuneration Committee (NRC) was as under:

Name of the Director	Designation
Dr. Indu Shahani (Chairperson)	Independent Director
Mr. D Sivanandhan	Independent Director
Mr. V K Viswanathan	Independent Director
Mr. John Thomas Kennedy*	Non-Executive Director

**Ceased to be a member from end of day 30th June 2023, due to resignation as a Director.*

4.2 Pursuant to Regulation 19(4) and Part D of Schedule II of Listing Regulations, the terms of reference of the NRC is available on website of Company https://media.diageo.com/diageo-corporate-media/media/d3zmwssi/nomination-and-remuneration-committee-charter.pdf

Key Terms of Reference of the committee are:

i. Assist the Board of Directors of the Company to:

1. Determine, review and propose compensation principles and policy of the Company;

2. Assess and review compensation plans recommended by the management;

Corporate Governance Report (Continued)

3. Recommend the compensation packages of the Company's Executive Directors.

ii. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every director's performance.

iii. Approve and recommend matters relating to compensation by way of salary, perquisites, benefits, etc., to the Managing/Whole Time/Executive Directors of the Company.

iv. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration of the directors including Independent Directors, key managerial personnel and employees.

v. Carry out any other acts and deeds as may be delegated by the Board of Directors and deal with such other matters as may be prescribed under the Act, the Listing Regulations and other statutory enactments.

vi. To set up policy and procedure for succession planning of Key Managerial Personnel and other senior management of the Company.

vii. Approve any share incentive or other plans for the employees of the Company.

4.3 During the financial year under review, four meetings were held i.e., on 17th May 2023, 19th July 2023, 6th September 2023 and 19th January 2024. The details of attendance by the members of NRC at such meetings are as stated below:

Name of Director	1 17th May 2023	2 19th July 2023	3 6th September 2023	4 19th January 2024
Dr. Indu Shahani (Chairperson)	✓	✓	✓	✓
Mr. V K Viswanathan	✓	✓	✓	✓
Mr. D Sivanandhan	✓	✓	✓	✓
Mr. John Thomas Kennedy*	✓	NA	NA	NA

**Ceased to be a member from end of day 30th June 2023, due to resignation as a Director.*

4.4 Performance Evaluation of Independent Directors

Pursuant to the provisions of the Act and Regulation 34(3) read with Schedule V(C) (4)(d) of the Listing Regulations, the NRC has prescribed performance evaluation criteria for Independent Directors as well as for the non-independent directors, the committees, and the entire Board of Directors. Evaluation was carried out during the financial year for all the Directors and the Committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship and General Committee, Corporate Social Responsibility & Environmental, Social and Governance Committee and Risk Management Committee. The Board of Directors and Committee members appreciated the evaluation process of the Company in terms of involvement, participation, transparency, objectivity, information made available on time, qualitative comments on improvements and diversity on the Board. The evaluation of Independent Directors is undertaken by the entire Board of directors including (a) performance of the directors; and (b) fulfillment of the independence criteria as specified in Listing Regulations and their independence from the management. In the above evaluation, the directors who are subject to evaluation did not participate. The results of evaluation showed high level of commitment and engagement of Board, its various committees. The results of the evaluation were shared with the Board, the Chairperson of respective committees and directors. Based on the outcome of the evaluation, the Board and Committees have agreed on an action plan to further improve the effectiveness and functioning of the Board and Committees. The directors expressed their satisfaction with the evaluation process. During the year under review, the Committee ascertained and reconfirmed that the deployment of "questionnaire" followed by discussion at the Board meeting as a methodology, is effective for evaluation of performance of Board, committees and individual directors.

5. Stakeholders' Relationship and General Committee

5.1 During the year under review, the composition of the Stakeholders' Relationship and General Committee (SRGC) was as under:

Name of the Director	Designation
Mr. D Sivanandhan (Chairperson)	Independent Director
Dr. Indu Shahani	Independent Director
Ms. Hina Nagarajan	Managing Director and Chief Executive Officer

5.2 Pursuant to Regulation 20 and Part D of Schedule II of Listing Regulations, the terms of reference of the SRGC is available

Corporate Governance Report (Continued)

on website of Company https://media.diageo.com/diageo-corporate-media/media/zt5fcvlw/stakeholders-relationship-and-general-committee-charter_may-27-2020.pdf

Key Terms of Reference of the committee are:

a. Review the redressal of shareholders', debenture holders' and depositors' or any other security holders' grievances/ complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of interest warrants, etc., and ensure cordial relation with the Stakeholders.

b. Review the adherence to service standards relating to the various services rendered by the Company and Company's Registrars & Transfer Agents.

c. Review the status of the litigation(s), complaints/suits filed by or against the Company relating to the shares/ fixed deposits, debentures or any other securities of the Company before any Courts/other appropriate authorities, and in particular where directors are implicated or could be made liable.

d. Review the impact of enactments, amendments made by the Ministry of Corporate Affairs/Securities and Exchange Board of India and other regulatory authorities on matters concerning the Stakeholders in general.

e. Review matters relating to transfer of unclaimed and unpaid dividend, matured deposits, interest accrued on the matured deposits, debentures etc., to the Investor Education and Protection Fund as specified under the Act.

f. Review the status of claims received for unclaimed shares and dividend on unclaimed shares.

g. Review the initiatives taken to reduce quantum of unclaimed dividends/unclaimed deposits.

h. Act on such further terms of reference as may be considered necessary and specified by the Board in writing from time to time.

i. Review service standards and investor service initiatives undertaken by the Company.

j. Issue / revocation / modification of powers of attorney to represent the Company.

k. Power to borrow subject to applicable laws from banks, financial institutions and other bodies corporate, apart from the money(s) already borrowed till date under any specific resolutions, such that the borrowings availed by the Company pursuant to the resolutions of the Stakeholders & General Committee of Directors and outstanding at any point of time, do not exceed an amount of ₹500 Crore in aggregate.

l. Power to give loans subject to applicable laws to wholly owned subsidiaries of the Company for the purpose of Working Capital, apart from the loans already made to the wholly owned subsidiaries of the Company till date under any specific resolutions for such purpose(s), such that the total amount of loan given pursuant to the resolutions of the Stakeholders & General Committee of Directors for such purpose(s) and outstanding, at any point of time, do not exceed ₹ 500 Crore in aggregate.

5.3 Mr. Mital Sanghvi, Company Secretary is the Compliance Officer of the Company.

5.4 During the financial year under review four meetings were held i.e., on 17th May 2023, 19th July 2023, 7th November 2023, 19th January 2024 respectively.

5.5 The details of attendance by members of the SRGC are as below:

Name of Director	1	2	3	4
	17th May 2023	19th July 2023	7th September 2023	19th January 2024
Mr. D Sivanandhan (Chairperson)	✓	✓	✓	✓
Ms. Hina Nagarajan	✓	✓	✓	✓
Dr. Indu Shahani	✓	✓	✓	✓

5.6 The Company/Company's Registrar and Transfer Agents received 16 complaints during the financial year, out of which all 16 were resolved to the satisfaction of shareholders/ investors. As on 31st March 2024, all the investor complaints were resolved.

Corporate Governance Report (Continued)

Sl. No.	Complaints relating	No. of Complaints Received	No. of Complaints Resolved
1.	Non-receipt of refund order/ allotment letter	Nil	Nil
2.	Non-receipt of Dividend/ Interest on Shares/ Debentures/Fixed Deposits/ maturity amount on debentures	Nil	Nil
3.	Non-receipt of share certificates	Nil	Nil
4.	Non-receipt of Report/ Rights forms/ Bonus shares/ interest on delayed refund/ Dividend and Interest	Nil	Nil
5.	Others*	16	17
	Total	16	17**

In addition to the above, there are few pending shareholder litigations where the Company is a party.

**Includes shareholders complaints relating to the IEPF, unclaimed shares and non-receipt of shares pursuant to mergers etc.*

***One complaint which was unresolved at the end of the previous financial year was resolved during the first quarter of the financial year 2023-24.*

5.7 Dividend Distribution Policy

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, ('Listing Regulations') the Board of Directors of the Company (the 'Board') formulated and adopted a new dividend Distribution Policy (the 'Policy'), and is available on website of the Company at https://media.diageo.com/diageo-corporate-media/media/kychm2c0/dividend-policy.pdf.

6. Risk Management Committee

6.1 The composition of the Risk Management Committee (RMC) was as under:

Name of the Director	Designation
Mr. Mahendra Kumar Sharma (Chairperson)	Independent Director
Mr. V K Viswanathan	Independent Director
Ms. Hina Nagarajan	Managing Director and Chief Executive Officer
Mr. Pradeep Jain	Executive Director and Chief Financial Officer
Ms. Mamta Sundara	Non-Executive Director

6.2 Pursuant to Regulation 21 and Part D of Schedule II of Listing Regulations, RMC is available on website of Company at https://media.diageo.com/diageo-corporate-media/media/snsc5ris/amended-rmc-charter_may-2021.pdf

Key Terms of Reference of the committee are:

a. To assess risks periodically for the effective execution of business strategy and review the risks associated with business strategy.

b. To annually review and approve the Risk Management Framework of the Company including risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

c. Evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner so as to ensure the business continuity.

d. The committee shall make reports to the Board at least once in a year with respect to risk management and minimization procedures and for inclusion in the Report and such other disclosures.

Corporate Governance Report (Continued)

e. Set the procedures for identifying business risks (including financial risks) and controlling their financial impact on the Company.

f. To evaluate and ensure that appropriate processes and systems are in place to monitor and report cyber security risks.

g. The Committee shall perform such other functions as may be required under the relevant provisions of the Listing Regulations, any other applicable laws and various circulars issued by the regulatory authorities thereof, as amended from time to time.

6.3 During the financial year under review two meetings were held i.e., on 31st August 2023 and 16th February 2024 respectively.

6.4 The details of attendance by members of the RMC are as below:

Name of the Director	31st August 2023	16th February 2024
Mr. Mahendra Kumar Sharma (Chairperson)	✓	✓
Mr. V K Viswanathan	✓	✓
Ms. Hina Nagarajan	✓	✓
Mr. Pradeep Jain	LOA	✓
Ms. Mamta Sundara	✓	✓

LOA- Leave of Absence

7. Corporate Social Responsibility and Environment, Social and Governance Committee

7.1 During the year under review, the composition of the Corporate Social Responsibility and Environment, Social and Governance Committee (CSR & ESG) was as under:

Name of the Director	Designation
Dr. Indu Shahani (Chairperson)	Independent Director
Mr. D Sivanandhan	Independent Director
Ms. Hina Nagarajan	Managing Director and Chief Executive Officer
Mr. Mark Dominic Sandys	Non-Executive Director
Ms. Emily Kathryn Gibson*	Non-Executive Director

**Appointed as a member with effect from 7th September 2023.*

7.2 During the financial year under review, four meetings were held i.e., on 17th May 2023, 19th July 2023, 07th November 2023 and, 19th January 2024. The details of attendance by members of the CSR & ESG Committee are as below:

Name of Director	1	2	3	4
	17th May 2023	19th July 2023	7th November 2023	19th January 2024
Dr. Indu Shahani (Chairperson)	✓	✓	✓	✓
Mr. D Sivanandhan	✓	✓	✓	✓
Ms. Hina Nagarajan	✓	✓	✓	✓
Mr. Mark Dominic Sandys	✓	✓	✓	✓
Ms. Emily Kathryn Gibson*	NA	NA	✓	✓

**Appointed as a member with effect from 7th September 2023.*

NA – Not Applicable

LOA Leave of Absence

7.3 The CSR Report of the Company for the year ended 31st March 2024 has been approved by the Board and provided in **Annexure – 6** as part of the Board's Report. The copy of your Company's CSR policy is available on the Company's website at https://media.diageo.com/diageo-corporate-media/media/xu4kqzob/corporate-social-responsibility-policy_01april2021.pdf

8. Committee of Directors

The Board has constituted Committee of Directors ('COD') consisting of Independent Directors. COD was formed inter-alia to deal with non-core assets of the Company. As on the date of the Report, the composition of COD was as under:

Name of the Director	Designation
Mr. Mahendra Kumar Sharma (Chairperson)	Independent Director
Mr. Rajeev Gupta	Independent Director
Mr. V K Viswanathan	Independent Director

During the financial year under review, the Committee met once on 8th November 2023 with all the members of the Committee required being present.

Corporate Governance Report (Continued)

9. Remuneration of Directors

The details of remuneration paid to the directors during the financial year 1st April 2023 to 31st March 2024 are given below:

A. Executive Directors

Remuneration paid to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Hina Nagarajan, Managing Director and Chief Executive Officer	Pradeep Jain, Executive Director and Chief Financial Officer
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	9,14,84,528	3,72,86,028
2	(b) Value of perquisites u/s 17(2) of the Income Taxt Act, 1961	39,83,580	23,76,770
	(c) Profits in lieu of salary under section 17(3) of the Income Taxt Act, 1961		
3	Stock Options/other stock (Diageo options) related compensation	4,34,63,529	18,14,247
4	Sweat Equity		
5	Commission – as % of Profit Others – Specify		
6	Others		
	Total	**13,89,31,637**	**4,14,77,045**

Notes:

i) The gross remuneration shown above does not include employer's contribution to various retirement funds and premium paid for life insurance and health insurance.

ii) Services of Ms. Hina Nagarajan may be terminated by her, giving six months' notice and can be terminated by the Company with twelve months' notice (or salary in lieu of such notice). Services of Mr. Pradeep Jain may be terminated by him, giving six months' notice, and can be terminated by the Company with six months' notice (or salary in lieu of such notice). There is no separate provision for payment of severance pay.

iii) Ms. Hina Nagarajan and Mr. Pradeep Jain are entitled to the Long-Term Incentives (LTI's) which include Stock Appreciation Rights (SARs) as per the Company's plan and also other LTI's of Diageo PLC. The actual value of SAR's and other LTI's will depend on the respective share price on the vesting date.

B. Independent Directors

i. Sitting Fees have been paid to Independent Directors for attending Board / Committee Meetings as specified in the table below for financial year 2023-24. They are also entitled to reimbursement of actual travel expenses, boarding and lodging, conveyance and incidental expenses incurred for attending such meetings in accordance with the Board approved policies for such reimbursements. Other than the sitting fees, reimbursement of expenses and as commission as explained below, no other remuneration was paid. No securities / convertible instruments were issued or allotted to any of the non-executive directors during the financial year 2023-24.

ii. Independent Directors are also eligible for commission as approved by the Board of Directors every year within the limit of one percent of the net profits of the Company or in case of inadequate profits the commission in aggregate does not exceed ₹4,00,00,000 as approved by the members of the Company at the 23rd Annual General Meeting held on 9th August 2022. Such commission is determined based on

Corporate Governance Report (Continued)

the recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors. The details of commission are specified in the table below for financial year 2023-24.

iii. Presently, the Company is not paying any remuneration to non-executive directors other than the Independent Directors. The criteria for making payments to Independent Directors is provided in point 9H of the Board's Report.

v. There are no pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity during the financial year

vi. Details of sitting fees paid and commission to the Independent Directors approved by the Board of Directors for the financial year 2023-24 is given below:

(Amount in ₹)

Name of the Independent Director	Sitting fees	Commission	Total Remuneration
Mr. Mahendra Kumar Sharma	6,75,000	52,00,000	58,75,000
Mr. V K Viswanathan	9,25,000	44,00,000	53,25,000
Mr. D Sivanandhan	8,00,000	44,00,000	52,00,000
Mr. Rajeev Gupta	6,00,000	40,00,000	46,00,000
Dr. Indu Shahani	8,00,000	45,00,000	53,00,000
Dr. (Mr.) Indu Bhushan	-	4,00,000	4,00,000
Mr. Mukesh Hari Butani	-	4,00,000	4,00,000
Total	**38,00,000**	**2,33,00,000**	**2,71,00,000**

C. Particulars of equity shares of the Company currently held by Directors:

As on the date of this Report, Mr. D Sivanandhan, Independent Director holds 332 equity shares of the Company. No other director holds equity shares of the Company.

10. Particulars of Senior Management

The particulars of senior management as per Regulation 16(1)(d) of the Listing Regulations including the changes during the fiscal 2024 are as follows:

10.1 As on 31st March 2024, following are the employees who are identified as senior management of the Company

Sl. No.	Name of the senior management personnel	Designation
1.	Ashok Arora	VP – Supply Finance
2.	Diwakar Vij	VP – Commercial Finance
3.	Jagbir S Sidhu	Corporate Relations Director
4.	Jitendra Mahajan	Chief Supply and Sustainability Officer
5.	Mahaveer Jain	VP – Head Internal Audit
6.	Mital Sanghvi*	VP – Treasury & Company Secretary
7.	Nimish Shah	EVP and Finance Controller
8.	Nipun Mohanka	VP- Taxation
9.	Prathmesh Mishra	Chief Commercial Officer
10.	Ruchira Jaitley	Chief Marketing Officer
11.	Shilpa Vaid	Chief HR Officer
12.	Shobhana Nikam	General Counsel
13.	Shweta Arora	Senior General Manager – Investor Relations

Note – The list excludes CFO and CEO since they are already a part of the Board

**Mr. Mital Sanghvi being the Company Secretary is also Key Managerial Personnel of the Company*

Corporate Governance Report (Continued)

10.2 Changes in the senior management during the financial year

Sl. No.	Name of the senior management personnel	Designation	Effective date of appointment/resignation
1.	Deepika Warrier	Chief Marketing Officer	Resigned effective 31st July 2023
2.	Ruchira Jaitly	Chief Marketing Officer	Appointed effective 1st August 2023
3.	Mr. Manish Shetty	VP - IT	Resigned effective 30th November 2023
4.	Mr. Navin Jain	Tax Director - Asia & India	Resigned effective 31st December 2023
5.	Mr. Nipun Mohanka	VP – Taxation	Appointed effective 5th March 2024

11. General body meetings:

11.1 The details of the last three AGMs held are furnished below:

Financial year ended	Date	Time	Venue
31st March 2023	31st July 2023	3.30 p.m.	Through Video Conferencing/Other Audio Visual Means
31st March 2022	9th August 2022	3.30 p.m.	Through Video Conferencing/Other Audio Visual Means
31st March 2021	26th August 2021	3.30 p.m.	Through Video Conferencing/Other Audio Visual Means

11.2 The Special Resolutions passed by the shareholders at the past three AGMs are summarized below:

AGM held on	Subject matter of the Special Resolution
31st July 2023	No Special Resolution was passed
9th August 2022	(i) Payment of Commission to Independent Directors and Non- Executive Directors. (ii) Approval under Section 180(1)(a) of the Act for: (i) slump sale of the entire business undertaking associated with 32 brands of the Company in the 'Popular' segment to Inbrew Beverages Private Limited ("Inbrew"); and (ii) grant of franchise in relation to 11 other brands of the Company in the 'Popular' segment to Inbrew for a period of five years, with an option for Inbrew, subject to certain specified conditions, (a) to convert the fixed term franchise arrangement into a franchise arrangement with perpetual right to use, and / or (b) to acquire such brands
26th August 2021	(i) Appointment of Ms. Hina Nagarajan as a Managing Director and Chief Executive Officer of the Company for a period of five years and approval of remuneration payable to her for three years. (ii) Appointment of Mr. Vegulaparanan Kasi Viswanathan as an Independent Director of the Company for the second term. (iii) Continuation of Mr. Mahendra Kumar Sharma as a Director of the Company on completion of 75 years of age. (iv) Payment of Commission to Independent Directors and Non-Executive Directors.

All the special resolutions set out in the Notices of AGM in respect of the above subject matter were passed by the shareholders with requisite majority.

11.3 Postal ballot & Extraordinary General Meeting (EGM)

No EGM was conducted during the financial year. The Company had appointed Mr. Sudhir V Hulyalkar, Company Secretary in Practice (CP - 6137) to act as the Scrutinizer, for conducting the Postal Ballot process, in a fair and transparent manner.

Corporate Governance Report (Continued)

The Company has passed following resolutions through Postal Ballots during the financial year:

(i)

Sr. No.	Type of Resolution	Subject Matter	Date of passing resolution
1.	Ordinary	Appointment of Ms. Mamta Sundara (DIN:05356182) as a Director (Non-Executive, Non-Independent) of the Company.	April 20, 2023
2.	Ordinary	Appointment of Mr. Pradeep Jain (DIN:02110401) as a Director.	April 20, 2023
3.	Special	Appointment of Mr. Pradeep Jain (DIN:02110401) as a Wholetime Director designated as "Executive Director and Chief Financial Officer" of the Company.	April 20, 2023

The cut-off date was March 17, 2023. The remote e-voting started on March 22, 2023 at 9.00 a.m. (IST) and ended on April 20, 2023 at 5.00 p.m. (IST). Mr. Sudhir V Hulyalkar submitted scrutinizer report on April 21, 2023 and the results were declared on April 21, 2023. The resolutions were passed with requisite majority. The voting details of special resolution passed is as follows:

Votes in favor			Votes against			Invalid votes
No. of Members	No of Shares	%	No. of Members	No. of Shares	%	No of Shares
1,153	58,40,37,540	98.83	111	69,11,984	1.17	7,51,103

(ii)

Sr. No.	Type of Resolution	Subject Matter	Date of passing resolution
1.	Ordinary	Appointment of Ms. Emily Kathryn Gibson (DIN: 10294270) as a Director (Non-Executive, Non-Independent) of the Company	25th November 2023
2.	Ordinary	Ratification of remuneration payable to Cost Auditor of the Company for Financial Year 2023-24	25th November 2023

The cut-off date was 20th October 2023. The remote e-voting started on 27th October 2023 at 9.00 a.m. (IST) and ended on 25th November 2023 at 5.00 p.m. (IST). Mr. Sudhir V Hulyalkar submitted scrutinizer report on 27th November 2023 and the results were declared on 27th November 2023. The resolution was passed with requisite majority.

(iii)

Sr. No.	Type of Resolution	Subject Matter	Date of passing resolution
1.	Special	Appointment of Dr. Indu Bhushan (DIN: 09302960) as an Independent Director of the Company*	11th April 2024
2.	Special	Appointment of Mr. Mukesh Hari Butani (DIN: 01452839) as an Independent Director of the Company#	11th April 2024

The cut-off date was 8th Mach 2024. The remote e-voting started on 13th March 2024 at 9.00 a.m. (IST) and ended on 11th April 2024 at 5.00 p.m. (IST). Mr. Sudhir V Hulyalkar submitted scrutinizer report on 12th April 2024 and the results were declared on 12th April 2024. The resolutions were passed with requisite majority. The voting details of special resolution passed is as follows:

Sr. No.	Votes in favor			Votes against			Invalid votes
	No. of Members	No of Shares	%	No. of Members	No. of Shares	%	No. of Shares
1*	1483	60,55,74,641	99.80	92	12,30,724	0.20	550
2#	1415	59,61,67,987	98.25	160	1,06,37,477	1.75	550

Procedure for postal ballot: The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circular nos. 14/2020, 17/2020, 22/2020, 33/2020, 39/2020, 10/2021, 20/2021, 3/2022, 11/2022 and 09/2023 dated 8th April 2020, 13th April 2020, 15th June 2020, 28th September 2020, 31st December 2020, 23rd June 2021, 8th December 2021, 5th May 2022, 28th December 2022 and 25th September 2023 respectively issued by the Ministry of Corporate Affairs.

12. Means of Communication:

a. The quarterly results are sent to all the stock exchanges where the shares of the Company are listed. The results are normally published in "Business Standard" (English Daily) and "Prajavani" (Kannada Daily). The results are displayed on the Company's website at https://www.diageoindia.com/en/investors/financials/results-reports-and-presentations. Press Releases which were issued are also displayed on the Company's website. In addition, presentations made to analysts or investors are also made available on the Company's website.

Corporate Governance Report (Continued)

b. The required disclosures as per the applicable laws including financial results were also sent to the Stock Exchanges.

c. The Company has designated an exclusive email address, i.e., Investor.India@diageo.com to enable investors to post their grievances and monitor redressal.

13. General Shareholder Information:

A)	Corporate Identification Number	L01551KA1999PLC024991
B)	AGM Date, Time and Venue	31st July 2024, at 3.30 p.m. through video conference
C)	Financial year	1st April to 31st March
	Tentative Board Meeting calendar:	
	First Quarterly Results	23rd July 2024
	Second Quarterly Results	23rd October 2024
	Third Quarterly Results	23rd January 2025
	Audited yearly Financial Results	8th May 2025
		In addition, Board may also meet on other dates for transacting other urgent business or due to any specific requirements.
D)	Cut-off date of E-Voting purpose	24th July 2024
E)	Dividend payment date	On or after 6th August 2024
F)	Listing on Stock Exchanges	The shares of the Company are listed on the following Stock Exchanges: (i) BSE Limited - Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 (ii) National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. The applicable listing fees has been paid to the Stock Exchanges before the due date.
G)	Stock Code	
	BSE	532432
	NSE	SYMBOL - UNITDSPR (Formerly - MCDOWELL-N)
H)	ISIN No.	INE854D01024
I)	Market price data	As per Annexure A
J)	Stock performance in comparison to BSE Sensex and NSE Nifty	As per Annexure B
K)	Registrars and Transfer Agents (RTA)	Integrated Registry Management Services Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560 003, Tel. Nos. (080) 2346 0815 to 818, Fax No. (080) 23460819
L)	Share Transfer System	The power to approve transmission/transposition/consolidation/sub-division, etc., is delegated to Stakeholders Relationship and General Committee of Directors. The requirements under the Listing Regulations, and other statutory regulations in this regard are being followed. Company's RTA also keeps records of such transfer/ transmission of shares.
		Mandatory KYC updation by members holding physical securities SEBI, vide its Circulars dated 16th March 2023, 17th May 2023 and 17th November 2023, mandates holders of physical securities to furnish PAN and other KYC, Nomination, Contact, Bank Account details and specimen signature for their corresponding Folio numbers in order to avail any investor service. Further, effective 1st April 2024, SEBI also mandates that holders of physical securities and whose folios continue to be not updated with the above-mentioned details, shall be eligible to get dividend only in electronic mode. Therefore, subject to approval at the AGM, payment of final dividend to above-mentioned members, shall be withheld by the Company and shall be immediately released on KYC updation. Accordingly, members are requested to complete their KYC by writing to the Company's RTA viz., Integrated Registry Management Services Private Limited, at bglsta@integratedindia.in. Forms for updation are available at https://www.diageoindia.com/en/investors/shareholder-centre/downloads

Corporate Governance Report (Continued)

<table>
<tr><td>M)</td><td>Distribution of Shareholding</td><td>As per Annexure C</td></tr>
<tr><td>N)</td><td>Dematerialisation of shares
(as on 31st March 2024)</td><td><table><tr><th>Particulars</th><th>No. of holders</th><th>Shares</th><th>% of shares</th></tr><tr><td>Physical</td><td>5,834</td><td>31,21,560</td><td>0.43%</td></tr><tr><td>NSDL</td><td>100,619</td><td>67,46,57,782</td><td>92.76%</td></tr><tr><td>CDSL</td><td>144,644</td><td>4,95,71,511</td><td>6.81%</td></tr><tr><td>TOTAL</td><td>251097</td><td>72,73,50,853</td><td>100%</td></tr></table></td></tr>
<tr><td>O)</td><td>Outstanding GDRs/ADRs/ Warrants or any other Convertible Instruments</td><td>NIL</td></tr>
<tr><td>P)</td><td>Commodity price risk or foreign exchange risk and hedging activities:</td><td>During the year under review, no hedging activities on any commodity were carried out by the Company. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15th November 2018 and master circular no. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July 2023</td></tr>
<tr><td>Q)</td><td>Plant locations – owned manufacturing units (operational)</td><td>1. Alwar (Rajasthan)
2. Asansol (West Bengal)
3. Aurangabad (Maharashtra)
4. Baramati (Maharashtra)
5. Nashik (Maharashtra)
6. Nimapara (Orissa)
7. Hyderabad I (Nacharam, Telangana)
8. Hyderabad II (Malkajgiri, Telangana)
9. Kumbalgodu (Karnataka)
10. Ponda (Goa)
11. Nanded (Maharashtra)</td></tr>
<tr><td>R)</td><td>Address for correspondence</td><td>Shareholder correspondence should be addressed to the Company's Registrars and Transfer agents:

Integrated Registry Management Services Private Ltd.
30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram,
Bengaluru – 560 003.
Tel. Nos. (080) 2346 0815 to 818, Fax No. (080) 2346 0819,
Email: bglsta@integratedindia.in

Investors may also write to investor.india@diageo.com or contact Company Secretary or Assistant Company Secretary at the Registered Office of the Company at 'UB TOWER' # 24, Vittal Mallya Road, Bangalore, Karnataka, India, 560001. Tel. Nos. +91 8022210705, Fax No. (080) 3985 6862</td></tr>
<tr><td>S)</td><td>Credit Ratings</td><td>CRISIL Ratings has re-affirmed the rating on the long-term bank facilities at "AAA/ Stable" and re-assigned the short-term rating at "A1+" on 15th April 2024.</td></tr>
<tr><td>T)</td><td>Email for investor grievances</td><td>In compliance with the provisions of Regulation 46(2)(j) of the Listing Regulations, an exclusive email address, Investor.India@diageo.com has been designated for registering Investor complaints, which is also on the Company's website at www. diageoindia.com</td></tr>
</table>

Corporate Governance Report (Continued)

14. Disclosures:

14.1 There were no material significant related party transactions entered into by the Company with promoters, directors, subsidiaries, key managerial personnel, relatives or other designated persons which may have a conflict of interest with the Company at large.

14.2 There were no instances of rejection by the Board for any recommendations by the Board Committees during this financial year.

14.3 For the past three financial years viz., from 1st April 2021 to 31st March 2024 the Company has complied with the statutory requirements comprised in the Listing Regulations/ Guidelines/Rules of the Stock Exchanges/SEBI/ other statutory authorities and there have been no other instances of material non-compliance by the Company during such financial year nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets. Please refer to Secretarial Audit Report and Secretarial Compliance Report in **Annexure–3 and 3A**.

14.4 Code of conduct

The Code of Conduct reflects the Company's commitment to principles of integrity, transparency and fairness. The Code is a key guiding document governing the compliance and ethics framework of the Company. It is intended to embody the Company's purpose and values, which sets out the Company's collective as well as individual commitment to conduct business in accordance with those principles, and with all relevant laws, regulations and industry standards. We hold ourselves to the principles of Code of Business Conduct (our Code), Standards and Policies, which are embedded through a comprehensive trainings and education program for all employees. Our Code enables our employees to make the right choices and demonstrate the highest standards of integrity and ethical behavior. Our Code has also been extended to suppliers, contractors and its subsidiaries.

Know Your Business Partner (KYBP) process covers all Customers and Business partners as part of onboarding process.

In addition to our Code, the compliance programs are also anchored by policies and procedures, prescribed as per the global standards, covering areas such as Countering Corruption Policy (including guidelines on gifting & entertainment), Information Management & Security, Data Privacy & Personal Information, Health Safety & Personal Security, Prevention of Sexual Harassment at Workplace, Dignity at Workplace and Employee Alcohol policy as part of our commitment to responsible drinking. Regular updates are also provided to the senior leadership team on various aspects of the compliance programs, to set the tone from the top and exhibit the management's commitment towards continuous improvement in integrating compliance with the business.

Our Code is available at https://www.diageoindia.com/en/about-us/corporate-governance. Our standard code for suppliers "Partnering with Suppliers (PwS)" has been extended to suppliers and contractors of the Company which is available at https://media.diageo.com/diageo-corporate-media/media/4qpj0ht0/pws_2024_v3.pdf

All new joiners are required to undertake training on the requirements of our Code within 30 days of joining the employment. Further, all employees are required to complete mandatory e-Learning training module on our Code as part of the annual compliance certification program every year. In addition, during the year virtual trainings on our Code including prevention of sexual harassment at workplace, has also been imparted to all employees including off role employees and all workers (including contractual), in their local languages.

The Company has adopted a Whistle Blower mechanism known as SpeakUp. The compliance complaint can be raised by the employees and anyone acting on behalf of the Company. The Breach management standard is in place to address the compliance complaints, which are perceived to be in violation of our Code. Further, there is an oversight & review of the investigations by Global Business Integrity team, the Compliance Committee and the Grievance Committee. No personnel have been denied access to Audit Committee.

In compliance with Listing Regulations, the Company has adopted a Code of Business Conduct and Ethics (Code) for its Board members and Senior Management Personnel, a copy of which is available on the Company's website at https://www.diageoindia.com/en/about-us/corporate-governance/speak-up. All Board members and senior management personnel have affirmed compliance with the code for the year ended 31st March 2024 and a declaration to this effect signed by the MD & CEO forms part of this report.

14.5 Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

Corporate Governance Report (Continued)

14.6 Policy on material subsidiaries

In compliance with Regulation 16, the Company has framed policy for determining material subsidiaries is available at the Company's website at https://media.diageo.com/diageo-corporate-media/media/fcap5yuo/policy-on-material-subsidiary.pdf

Policy on Related Party Transactions

In compliance with Regulation 23, the Company has framed policy on Related Party Transactions and the same is uploaded on our website at https://media.diageo.com/diageo-corporate-media/media/1nbled1w/rpt-policy_april-2022.pdf

14.7 Disclosure on utilization of proceeds of preferential issue and qualified institutional placement (QIP)

There were no funds raised through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) during the financial year.

14.8 Declaration from the Directors

All the Directors have submitted a declaration that they are not disqualified under section 164 of the Act. Mr. Sudhir V Hulyalkar, a Practicing Company Secretary, has submitted a certificate to the effect that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as a director by the SEBI/ Ministry of Corporate Affairs. Copy of the Certificate and Declaration by the Chief Executive Officer pursuant to Listing Regulations, 2015 on compliance with the code of conduct by the Board of Directors and senior management is enclosed as part of corporate governance report.

14.9 Remuneration to Auditors

Remuneration paid to the statutory auditors and their network of firms/entities in India during the year by the Company and its subsidiaries on a consolidated basis was seven crore rupees.

Further details on fees to statutory auditors are disclosed in the standalone and consolidated financial statements.

14.10 Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to providing and promoting a safe and healthy work environment for all its employees.

The disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is mentioned in point 27 of the Board's Report.

14.11 Other corporate governance requirements

Regulation 24 of the Listing Regulations with respect to Independent Directors on unlisted material subsidiaries is not applicable since the Company does not have any material subsidiary Companies. The Company has appointed one of its Independent Directors as an Independent Director in its operational subsidiary as a good governance practice.

Regulation 26 of the Listing Regulations with respect to Directors and Senior Management has been complied with to the extent applicable.

Regulation 27 of the Listing Regulations with respect to Quarterly Compliance report has been complied with.

Regulation 46(2) of the Listing Regulations pertaining to disseminating information on website has been complied with.

Requirements stipulated under Regulation 17 to 27 read with Schedule V of the Listing Regulations has been complied with by your Company.

Other requirements of Corporate Governance as per the Listing Regulations are disclosed on the Company's website at https://www.diageoindia.com/investors/ and as applicable have been disclosed elsewhere in this report and Annexures.

15. Depository system

The trading in the equity shares of your Company is under compulsory dematerialization mode. As on 31st March 2024, equity shares representing 99.57% of the equity share capital are in dematerialized form. Shares held in the demateralised mode have more liquidity than those held in the physical mode. The transfer of shares of the Company by physical means has been barred from 1st April 2019 pursuant to SEBI's Notification dated 3rd December 2018. Therefore, the Company urges shareholders who are holding shares in the physical form to convert their shareholdings to the demat mode. Shareholders who have not registered their email IDs are requested to do so for receiving communications from the Company. Shareholders who are holding shares in physical form can update their email ID by submitting ISR-1 form to the RTA. The form is available on the Company's website https://www.diageoindia.com/en/investors/shareholder-centre/downloads

Shareholders who are holding shares in demat form can update their email ID by contacting their Depository Participant only. Pursuant to Part F of Schedule V of the Listing Regulations, the following unclaimed shares were transferred to the demat account titled United Spirits Limited Unclaimed Suspense Account after the Company's Registrars & Transfer Agents sent three reminders to all the shareholders whose shares remained unclaimed. During the year, your Company

Corporate Governance Report (Continued)

has released shares from the said suspense account upon receipt of requests from the shareholders and after checking veracity of such shareholder's claims. Shares on which dividend has not been claimed for a continuous period of seven years have been transferred to Investor Education Protection Fund (IEPF) as per applicable rules. The details of such release of shares are given below:

Particulars	No. of Shareholders	No. of equity shares held
Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 1st April 2023	3,018	16,45,569
Shares added to the Unclaimed Suspense account during this year (Stock split of Undelivered shares)	NIL	NIL
Total Shares	3,018	16,45,569
Number of shareholders who approached the Company for transfer of shares from Unclaimed Suspense Account during the year	87	63,534
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	87	63,534
Number of Shareholders and shares transferred to IEPF during the year	NIL	NIL
Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on 31st March 2024	2931	15,82,035

Voting rights on the above unclaimed shares shall remain frozen until the rightful owner claims the shares

16. Discretionary Requirements

Pursuant to Regulation 27(1) and Part E of Schedule II of Listing Regulations, your Company also complied with the following optional requirement:

Board

Non-Executive Chairperson is entitled to reimbursement of expenses incurred in performing his duties as Chairperson.

Separate posts of Chairperson and the Managing Director or the Chief Executive Officer

The Company has a separate chairperson and Managing Director, CEO ('MD'). The chairperson is a non-executive director and is not related to the MD

Audit qualifications

The Statutory Auditor has issued an unmodified audit report for the year ended 31st March 2024.

Reporting of Internal Auditor

The internal auditor reports directly to the Audit Committee.

17. Disclosure of certain types of agreements binding listed entities disclosed under clause 5A of paragraph A of Part A of Schedule III of these regulations.

Not Applicable

Corporate Governance Report (Continued)

ANNEXURE A:

Market price data

United Spirits Limited - Market Data BSE						United Spirits Limited - Market Data NSE					
Month	Open	High	Low	Close	Volume	Month	Open	High	Low	Close	Volume
Apr-23	763.00	785.10	741.40	777.15	3,64,597	Apr-23	763.00	785.45	741.5	777.15	1,43,83,842
May-23	777.10	885.55	772.05	882.60	6,33,293	May-23	777.05	885.85	771.3	883.5	2,17,48,304
Jun-23	882.00	922.50	861.20	911.60	4,41,878	Jun-23	883.00	922.45	864.50	912.2	1,35,85,264
Jul-23	914.00	1050.00	891.05	1015.75	15,20,959	Jul-23	913.1	1049	905.2	1015.85	3,54,30,235
Aug-23	1006.05	1041.40	976.00	1008.70	5,11,556	Aug-23	1018.00	1041.20	976.05	1007.55	1,62,37,894
Sep-23	1005.00	1073.20	995.05	1007.40	5,43,507	Sep-23	1008.00	1074.95	995.00	1007.25	1,68,51,644
Oct-23	1017.35	1097.40	981.25	1032.60	6,17,103	Oct-23	1004.9	1098	981.35	1032.2	1,71,33,788
Nov-23	1033.80	1123.95	1023.95	1051.45	8,29,944	Nov-23	1034.95	1110.00	1023.95	1048.85	2,19,49,265
Dec-23	1041.95	1121.70	1032.75	1117.50	7,96,180	Dec-23	1049.95	1122.00	1032.75	1117.75	2,22,95,311
Jan-24	1125.00	1148.65	1061.15	1089.60	9,28,874	Jan-24	1124.00	1146.00	1061.30	1089.75	2,04,96,060
Feb-24	1096.85	1179.95	1055.65	1165.95	6,23,285	Feb-24	1090.00	1180.00	1054.70	1165.85	1,88,82,864
Mar-24	1170.00	1182.90	1081.80	1134.30	2,72,532	Mar-24	1174.45	1182.15	1081.50	1134.25	1,16,98,114

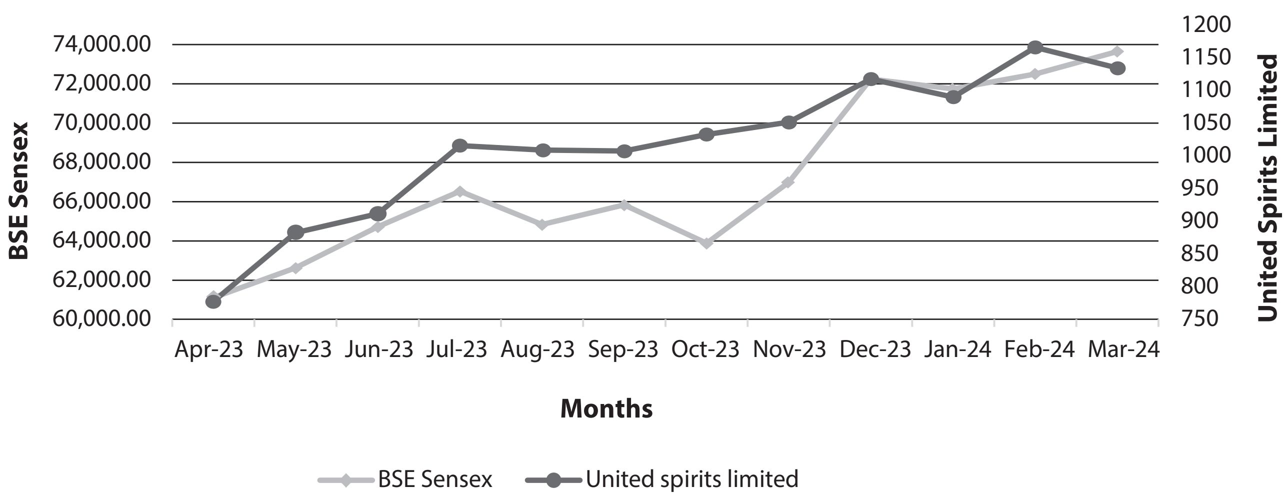
Source: websites of respective stock exchanges

Note: High and low are in rupees per traded share

ANNEXURE B:

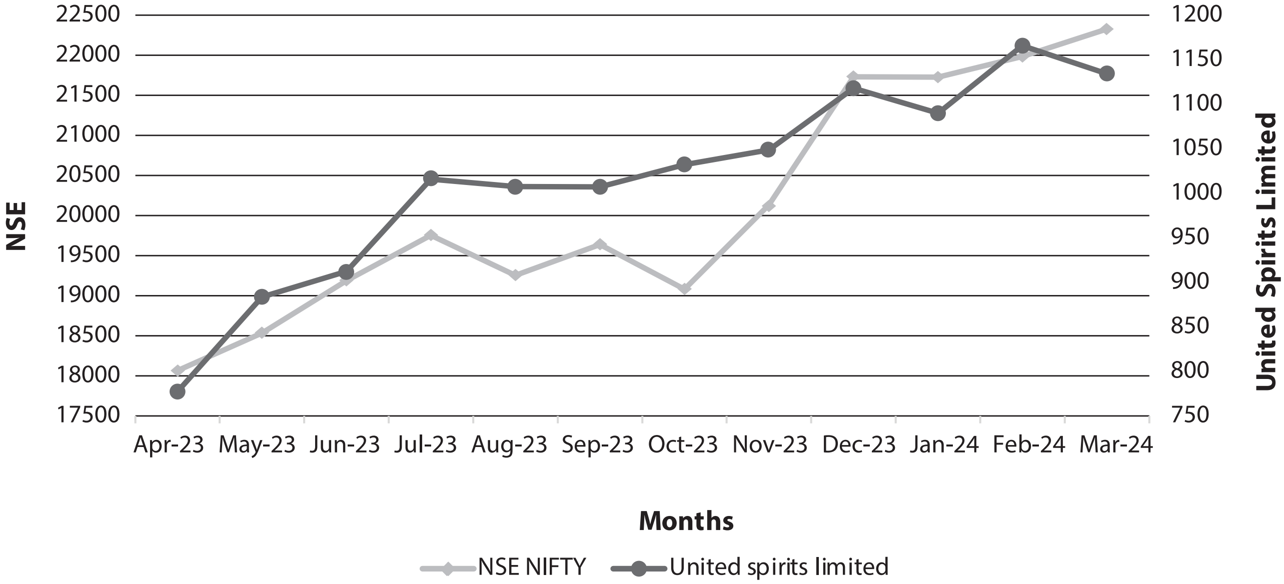
Stock performance in comparision to BSE Senex and NSE Nifty

a) Company's monthly closing share price versus with monthly closing of SENSEX during the financial year 2023-24



Corporate Governance Report (Continued)

b) Company's monthly closing share price versus with monthly closing of NIFTY during the financial year 2023-24



ANNEXURE C:

Distribution of Holdings (As on 31st March 2024) Value-wise

Value-wise				
Shareholding of nominal value	Shareholders		Share amount	
₹	Number	% to total	₹	% to total
Upto - 5,000	2,47,707	98.65	5,84,43,836	4.02
5,001 - 10,000	1,440	0.57	1,05,41,526	0.72
10,001 - 20,000	687	0.27	98,97,738	0.68
20,001 - 30,000	256	0.1	63,57,610	0.44
30,001 - 40,000	141	0.06	50,41,438	0.35
40,001 - 50,000	109	0.04	49,16,076	0.34
50,001 - 1,00,000	222	0.09	1,56,97,056	1.08
100,001 and above	535	0.22	134,38,06,426	92.37
Total	**2,51,097**	**100.00**	**1,45,47,01,706**	**100.00**

Snapshot of shareholding as on 31st March 2024 Category-wise

Category	No. of Shares	% of equity Capital
Promoter	41,22,21,410	56.67
Resident Body corporates (including Clearing Members)	1,42,49,048	1.96
Banks/FIS/FII/MF/PF/Trust* / Central /State Government & Insurance Companies	22,84,62,904	31.41
NRI/OCB/FCB/FOREIGN NATIONALS	53,86,858	0.74
Venture Capital	0	0.00
Resident Individuals	6,70,30,633	9.22
Total	**72,73,50,853**	**100.00**

**This includes 1,72,95,450 shares (2.38% of equity share capital) held on behalf of USL Benefit Trust, the sole beneficiary of which is United Spirits Limited.*

Corporate Governance Report (Continued)

SHARE CAPITAL HISTORY (SINCE 1999)

Mar 31, 1999	■ Company Incorporated ■ Shares on Incorporation - 60 Nos.	
Jul 09, 2001	■ Merger with McDowell & Co. Limited ■ Ratio 1:1	■ Issued 5,17,19,968 Shares ■ Pre Issue - 60 Nos : Post Issue - 5,17,20,028 Nos.
Mar 29, 2006	■ GDR Issue ■ Issued 87,51,381 Shares	■ Pre Issue - 5,17,20,028 Nos; Post Issue - 6,04,71,409 Nos
Nov 06, 2006	■ BGIL* merged with McDowell and Company Limited (Ratio 20:31) ■ (*BGIL – Baramati Grape Industries Limited)	■ Issued 3,37,780 Shares ■ PrPre Issue - 6,04,71,409 Nos; Post Issue - 6,08,09,189 Nos
Nov 06, 2006	■ SWDL* merged with McDowell and Company Limited (Ratio 20:7) (*SWDL – Shaw Wallace Distilleries Limited)	■ Issued 2,81,12,971 Shares ■ Pre Issue - 6,08,09,189 Nos; Post Issue - 8,89,22,160 Nos
Nov 06, 2006	■ Herberson Limited merged with McDowell and Company Limited ■ Ratio 3:2	■ Issued 31,17,209 Shares ■ Pre Issue - 8,89,22,160 Nos; Post Issue - 9,20,39,369 Nos.
Nov 06, 2006	■ TDVL* merged with McDowell and Company Limited (Ratio 4:83) (*TDVL – Triumph Distilleries & Vintners Limited)	■ Issued 20,75,000 Shares ■ Pre Issue - 9,20,39,369 Nos; Post Issue - 9,41,14,369 Nos.
Nov 06, 2006	■ UDIL* merged with McDowell and Company Limited (Ratio 100:3) (*UDIL – United Distillers India Limited)	■ Issued 3,60,000 Shares ■ Pre Issue - 9,41,14,369 Nos; Post Issue - 9,44,74,369 Nos.
Nov 06, 2006	■ Fractional Shares upon merger ■ Issued 7,561 Shares	■ Pre Issue - 9,44,74,369 Nos; Post Issue - 9,44,81,930 Nos
Jul 07 to May 08	■ FCCB Conversion and Allotment ■ Issued 56,81,326 Shares	■ Pre Issue - 9,44,81,930 Nos; Post Issue - 10,01,63,256 Nos.
Jul 24, 2009	■ SWCL* merged with United Spirits Limited (Ratio 17:4) (*SWCL - Shaw Wallace & Company Limited)	■ Issued 77,49,121 Shares ■ Pre Issue - 10,01,63,256 Nos; Post Issue - 10,79,12,377 Nos.
Oct 23, 2009	■ QIP Placement ■ Issued 1,76,81,952 Shares	■ Pre Issue - 10,79,12,377 Nos; Post Issue - 12,55,94,329 Nos.
Jan 14, 2011	■ BDL* merged with United Spirits Limited (Ratio 55:2) (*BDL – Balaji Distilleries Limited)	■ Issued 55,00,639 Shares ■ Pre Issue - 12,55,94,329 Nos; Post Issue - 13,07,94,968 Nos.
May 27, 2013	■ Preferential issue to Diageo Relay B V (wholly owned subsidiary of Diageo Plc) ■ Issued 1,45,32,775 Shares	■ Pre Issue - 13,07,94,968 Nos; Post Issue - 14,53,27,743 Nos.
Jul 03, 2018	■ Shares Split ■ Ratio 1:5	■ Pre Issue - 14,53,27,743 Nos; Post Issue - 72,66,38,715 Nos.
Jan 13, 2023	■ Pioneer Distilleries Ltd merged with United Spirits Ltd. ■ Ratio 47:10	■ Pre issue: 726,638,715 Nos; Post issue: 727,350,853 Nos.

By Order of the Board
Mahendra Kumar Sharma
Chairperson
DIN: 00327684

Place: Mumbai
Date : 24th May 2024

Corporate Governance Report (Continued)

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
United Spirits Limited, Bangalore

I have examined the compliance of conditions of corporate governance, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by United Spirits Limited (the Company) for the year ended on March 31 2024.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with all the applicable conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

SUDHIR VISHNUPANT HULYALKAR
Company Secretary in Practice
FCS No.: 6040, C.P.No. : 6137
Peer Review Certificate No. : 607/2019
UDIN: F006040F000440771

Place: Bengaluru
Date: 24th May 2024

CERTIFICATE ON DIRECTORS APPOINTMENT AND CONTINUATION ON THE BOARD OF DIRECTORS OF UNITED SPIRITS LIMITED (the Company)

(In terms of Regulation 34(3) read with Para C, Sub Para 10 (i) of the Schedule V to the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015)

I have examined the relevant records of the Company and disclosures made by the directors of the Company, relevant information on disqualification and proclaimed offenders as declared by Courts and disseminated on the website of Ministry of Corporate affairs, the Orders and other information available on the website of Securities and Exchange Board of India and the stock exchanges, Reserve Bank of India and information on wilful defaulters as declared by the banks and made available on the web sites of credit information companies registered with the Reserve Bank of India and based on such examination, I hereby certify that none of the directors on the Board of UNITED SPIRITS LIMITED (CIN:L01551KA1999PLC024991)as on 31st March 2024 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India and other statutory authorities.

SUDHIR VISHNUPANT HULYALKAR
Company Secretary in Practice
FCS No.: 6040, C.P.No. : 6137
Peer Review Certificate No. 607/2019
UDIN: F006040F000440727

Place: Bengaluru
Date: 24th May 2024

Corporate Governance Report (Continued)

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirement of Regulation 26(3) read with Schedule V Para D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, code of conduct of the Company has been displayed at the Company's website www.diageoindia.com. All the members of the Board and the senior management personnel had affirmed compliance with the code for the year ended 31st March 2024.

Place : Mumbai
Date: 24th May 2024

Hina Nagarajan
Managing Director and
Chief Executive Officer

CEO/CFO CERTIFICATE

To
The Board of Directors, United Spirits Limited

A. We have reviewed the standalone and consolidated financial statements for the year ended 31st March 2024 and that to the best of our knowledge and belief

    1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    2. these statements, together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee:

1. Significant changes in internal control over financial reporting during the year;

2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Pradeep Jain
Executive Director and
Chief Financial Officer

Hina Nagarajan
Managing Director and
Chief Executive Officer

Place: Mumbai
Date: 24th May 2024

Independent Auditor's Report

To the Members of United Spirits Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of United Spirits Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2024, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information "(hereinafter referred to as "the standalone financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's responsibilities for the audit of the standalone financial statements" 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 standalone 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter:

4. We draw attention to the following matters:

a) Note 40(a) to the standalone financial statements which explains the uncertainties post completion of the Initial Inquiry, which identified references to certain Additional Parties and certain Additional matters, the then 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. Post the completion of Additional Inquiry certain regulatory notices and communications were received from Securities Exchange Board of India, Directorate of Enforcement and Authorised Dealer banks ('AD') to which the Company has responded. Subsequently, the Company commenced the rationalisation process for divestment/ liquidation/ merger of certain overseas subsidiaries including step down subsidiaries and completion of the above Rationalisation process is subject to regulatory approvals in India and overseas. The Company filed suits for recovery of certain amounts against relevant parties and individuals identified in the Additional Inquiry including excess managerial remuneration paid to the former Executive Director and CFO which have been fully provided for or expensed in past periods. The management is currently unable to estimate the financial impact on the Company, if any, arising out of potential non compliances with applicable laws as above.

b) Note 40(d) to the standalone financial statements, which describes the uncertainty relating to the final outcome of litigations with a bank ("the bank") that continues to retain the pledge of certain assets of the Company and of the Company's shares held by USL Benefit Trust (of which the Company is the sole beneficiary) despite the Company prepaying the term loan to that bank along with the prepayment penalty and further depositing an additional sum of ₹ 46 crore demanded by the bank and as directed by the Hon'ble High Court of Karnataka (the "Court"). Based on management assessment supported by external legal opinions, the Company has disclosed the aforesaid amount of ₹ 46 crore under Other Non-current financial assets as recoverable from the bank pending the final outcome of the litigation. In a separate proceeding before the Debt Recovery Appellate Tribunal, the bank's appeal against the judgement awarded by Debt Recovery Tribunal in favour of the Company in respect of attachment of the aforesaid pledged shares for recovery of the loans advanced by the bank to Kingfisher Airlines Limited is pending disposal.

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

Key audit matters

5. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (Continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Assessment of the appropriateness of provisions recognised and contingent liabilities disclosed in respect of certain tax matters.
(Refer Notes 8, 17 and 42(a) and 42 (b) to the standalone financial statements)
As at March 31, 2024, the Company has significant tax exposures and is subject to periodic assessments/ demands by tax authorities on transfer pricing, income tax and a range of indirect tax matters.
Consequent to such tax assessments and demands relating to past several years, the Company has paid certain amounts under protest at various dates. The Company has also filed appeals with various appellate authorities against such demands.
Management judgement is involved in assessing the likelihood of ultimate outcome of the tax disputes to decide on the accounting/ disclosure requirements. For certain complex matters the probable amount of the cash outflow determined by the Management is supported by opinions obtained from external tax counsels/ assessment performed by internal expert (management tax experts).
We considered this a key audit matter as:
(a) The amounts involved are significant to the standalone financial statements;
(b) Change in the management's judgements and estimates may significantly affect the provisions recognised or contingent liabilities disclosed; and
(c) Matters of disputes are complex in some cases due to the nature of the industry in which the Company operates and are subject to interpretations under tax laws.
</td><td>
Our audit procedures included the following:

Understood, assessed and tested the design and operating effectiveness of the Company's controls in respect of the identifying potential tax exposures and/ or the accounting and disclosures thereof.
Evaluated the related accounting policy for recognising provisioning for tax exposures and disclosure of contingent liabilities with the requirements of the relevant accounting standards.
Obtained management's assessment in respect of tax demands on whether cash outflow is either probable, possible or remote.
Evaluated management's assessment with the help of auditors' experts, where necessary, as follows:

For the samples selected, read the correspondences received during the year from the tax authorities/ orders from the appellate authorities.
Read and assessed the views provided by the management/ management tax experts as applicable.
Assessed management's position on significant tax exposures in accordance with the tax laws and past precedents of tax judgements.
Assessed completeness of litigations by inquiring with the management, and perusal of Board minutes.
Evaluated the objectivity, independence, competence and capabilities of the management tax experts.
Evaluated the adequacy of the disclosures made in the standalone financial statements.

Based on the above procedures, we considered the management's assessment in recognising the provisions and disclosing contingent liabilities in respect of the stated tax matters, as reasonable.
</td></tr>
</table>

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the Chairman's Message, Managing Director and CEO's Message, Director's Report, Management Discussion and Analysis, and Corporate Governance report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report. The Business Responsibility and Sustainability Report (BRSR) and assurance report thereon are expected to be made available to us after the date of this auditor's report. Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the BRSR and assurance report thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent Auditor's Report (Continued)

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the 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.

8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

9. Our objectives are to obtain reasonable assurance about whether the standalone financial statements 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 these standalone financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the standalone financial statements, 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 to standalone financial statements in place and the operating effectiveness of such controls.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements 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

Independent Auditor's Report (Continued)

events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance 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.

12. 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.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in paragraph 15(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including other comprehensive income, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 15(b) above on reporting under Section 143(3)(b) and paragraph 15(h)(vi) below on reporting under Rule 11(g) of the Rules.

(g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. (Refer Notes 8, 17, 40(a), 40(c), 40(d) and 42 to the standalone financial statements);

ii. The Company was not required to recognise a provision as at March 31, 2024 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2024. (Refer Note 39 to the standalone financial statements);

Independent Auditor's Report (Continued)

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2024. (Refer Note 16 to the standalone financial statements);

iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 51(vii) to the standalone financial statements);

(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 51(vii) to the standalone financial statements); and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.

vi. Based on our examination, which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and that has operated throughout the year for all relevant transactions recorded in the software, except that the audit trail is not maintained for any changes made through specific access and direct database changes. Further, for the accounting software maintained by the third-party payroll service provider, in the absence of adequate information around the audit trail feature, we are unable to comment on it. Other than for the instances mentioned above, based on our procedures performed, we did not notice any instance of the audit trail feature being tampered with.

16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 24057687BKFTPO5001

Place: Mumbai
Date: May 24, 2024

Annexure A to Independent Auditor's Report

Referred to in paragraph 15(g) of the Independent Auditor's Report of even date to the members of United Spirits Limited on the standalone financial statements for the year ended March 31, 2024

Report on the Internal Financial Controls with reference to standalone financial statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of United Spirits Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by ICAI.

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

Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 24057687BKFTPO5001

Place: Mumbai
Date: May 24, 2024

Annexure B to Independent Auditor's Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of United Spirits Limited on the standalone financial statements as of and for the year ended March 31, 2024

In terms of the information and explanations sought by us and furnished by the Company, and the books of account and records examined by us during the course of our audit, and to the best of our knowledge and belief, we report that:

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of property, plant and equipment.

(B) The Company is maintaining proper records showing full particulars of intangible assets.

(b) The property, plant and equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the property, plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company), as disclosed in Notes 3.1, 3.2 and 3.6 to the standalone financial statements, are held in the name of the Company, except as disclosed in Appendix II.

(d) The Company has chosen cost model for its property, plant and equipment (including Right of use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of property, plant and equipment (including Right of Use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in the financial statements does not arise.

ii. (a) The physical verification of inventory (including inventories lying with third parties) has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have also been substantially confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) During the year, the Company has not been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. (a) The Company has made investments in compulsory convertible preference shares issued by an associate, sixteen mutual fund schemes and in government treasury bills issued by a financial institution, granted an unsecured loan to a wholly owned subsidiary and has provided loans to employees. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such unsecured loans granted to a wholly owned subsidiary and employees are part of the table given below:

Description	Amount in ₹ Crores
Aggregate amount granted/ provided during the year:	
- Loan to a subsidiary	29
- Loans to employees	1
Balance outstanding at March 31, 2024 in respect of the above:	
- Loan to a subsidiary	-
- Loans to employees	**1**

Refer notes 5 and 36 to the standalone financial statements.

(b) In respect of the aforesaid investments and loans granted, the terms and conditions under which such loans were granted and investments were made are not prejudicial to the Company's interest.

Annexure B to Independent Auditor's Report (Continued)

(c) In respect of the loans, as disclosed in Note 5 to the standalone financial statements, the schedule of repayment of principal and payment of interest has been stipulated by the Company except for the following instances set out in the table below. Therefore, in the absence of stipulation of repayment terms, we are unable to comment on the regularity of repayment of principal and payment of interest.

(Amount in ₹ Crores)

Name of the entity	Gross outstanding as at March 31, 2024	Net outstanding as at March 31, 2024
Asian Opportunities & Investments Limited	59	-
USL Holdings UK Ltd	15	-

The repayment of principal and payment of interest is not regular with respect to the loans set out in the table below:

Name of the entity	Amount in ₹ Crores	Due Date	Extent of delay	Remarks
United Breweries Holding Limited and a related entity	1,238	One third of the loan was to be repaid on July 2 2019, July 2, 2020 and July 2, 2021	2 years and 9 months to 4 years and 9 months	Refer Notes 5 and 40(c) to the standalone financial statements

(d) In respect of the following loan, the total amount overdue for more than ninety days as at March 31, 2024 is ₹ 1,238. In such instances, in our opinion, reasonable steps have been taken by the Company for the recovery of the principal amounts and interest thereon. Refer Notes 5 and 4o(c) to the standalone financial statements.

No. of cases	Principal Amount Overdue	Interest Overdue	Total Overdue	Remarks (if any)
One	1,153	85	1,238	Refer Notes 5 and 4o (c) to the standalone financial statements

(e) There were no loans /advances in nature of loans which have fallen due during the year and were renewed/ extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans/advances in nature of loan. (Also, refer Note 5 to the financial statements)

(f) The loans and advances in nature of loans granted during the year, had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand. There were no loans granted during the year to the promoters.

iv. In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of the loans and investments made. The Company has not provided any security and guarantees to parties covered under Sections 185 and 186 of the Act.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) In our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, though there has been a slight delay in a few cases and is regular in depositing undisputed statutory dues including employees' state insurance, profession tax, income tax, goods and services tax, duty of customs, duty of excise, value added tax and other material statutory dues. The extent of the arrears of statutory dues outstanding at March 31, 2024, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (₹ In Crores)	Period to which the amount relates	Due date	Date of Payment
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident fund	0.1	April 2023 - August 2023	15th of the Subsequent month	Not paid

Refer note 42(d) to the standalone financial statements regarding management's assessment on certain matters relating to provident fund.

Annexure B to Independent Auditor's Report (Continued)

(b) The particulars of dues of income tax, sales tax, value added tax, service tax, goods and services tax, duty of customs, duty of excise, entry tax, stamp duty, property tax and other taxes charged by local bodies at March 31, 2024 which have not been deposited on account of a dispute are disclosed in Appendix I to this report. There have been no dues of provident fund, employees' state insurance and profession tax which have not been deposited on account of dispute.

viii. There are no transactions previously unrecorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of accounts.

ix. (a) The Company has not defaulted in repayment of loans or in the payment of interest to any lender during the year.

(b) On the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not obtained any term loans. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been utilised for long-term purposes by the Company.

(e) On an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or an associate Company. The Company has no joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, or an associate company. The Company has no joint ventures.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause. As explained by the management, there were certain complaints in respect of which investigations are ongoing as on the date of our report and, hence, the impact on our audit in respect of those complaints cannot be determined at this stage.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

(xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

Annexure B to Independent Auditor's Report (Continued)

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

(xv) In our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial or housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3 (xvi) (c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause 3(xviii) of the Order is not applicable.

(xix) On the basis of the financial ratios (Also refer note 51(xiv) to the standalone financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

(xx) The Company has during the year spent the amount of Corporate Social Responsibility as required under subsection (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

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

Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 24057687BKFTPO5001

Place: Mumbai
Date: May 24, 2024

Annexure B to Independent Auditor's Report (Continued)

Appendix I – Particulars of Tax dues not deposited on account of a dispute

Referred to in paragraph vii(b) of Annexure B to the Independent Auditor's Report to the members of United Spirits Limited on the standalone financial statements as of and for the year ended March 31, 2024

Sl. No.	Name of Statute	Nature of Dues	Disputed Amount (₹ crores)	Amount Paid (₹ crores)	Unpaid Amount (₹ crores)	Financial Year to which the amount relates	Forum where the dispute is pending
1	Income Tax Act, 1961	Income Tax	37	35	2	2005-06, 2009-10	Commissioner of Income Tax (Appeals)
2	Income Tax Act, 1961	Income Tax	2,796	644 (*)	2,152	1988-89, 1989-90,1991-92 to 1993-94, 1995-96,2000-01,2005-09, 2014-15 to 2017-18	Income Tax Appellate Tribunal
3	Income Tax Act, 1961	Income Tax	1,095	241 (*)	854	1985-86 to 2004-05, 2006-07 to 2008-09 and 2011-12 to 2013-14	High Courts of various states
4	Customs Act, 1962	Custom Duty	0 #	0 #	0 #	1997-98	Commissioner of Customs
5	Service Tax - Finance Act, 1994	Service Tax	196	0#	196	2004-05 to 2015-16	Commissioner of Service Tax
6	Service Tax - Finance Act, 1994	Service Tax	1	0#	1	2016-17 to 2017-18	Commissioner (Appeals)
7	Service Tax - Finance Act, 1994	Service Tax	28	4	24	2005-2006, 2009-10 to 2010-11, 2014-15 to 2016-17	Customs Excise and Service Tax Appellate Tribunal
8	Service Tax - Finance Act, 1994	Service Tax	124	-	124	2000-01, 2007-08 to 2011-12	High Court of various states
9	Central Excise Act, 1944	Central Excise Duty	39	1	38	1994-95, 2012-13 to 2017-18	Commissioner of Central Excise
10	Central Excise Act, 1944	Central Excise Duty	141	6	135	1997- 98 to 2003-04	Customs Excise and Service Tax Appellate Tribunal
11	West Bengal Sales Tax Act, 1994	Sales Tax/ Value Added Tax	77	-	77	2002-03, 2014-15 to 2017-18	Commissioner of Commercial Taxes
12	Central and Various State Sales Tax Acts	Sales Tax/Value Added Tax	15	0#	15	1993- 94 to 1995-96, 2002-03 to 2007-08, 2021-22	Commercial Tax Officer
13	Central and Various State Sales Tax Acts	Sales Tax/Value Added Tax	17	5	12	1994-95 to 1996-97, 2005-06 to 2006-07, 2009-10 to 2013-14, 2015-16 to 2017-18	Assistant Commissioner of Commercial Taxes
14	Central and Various State Sales Tax Acts	Sales Tax/Value Added Tax	9	0#	9	2004-05, 2006-07 to 2011-12, 2013-14, 2015-16 to 2016-17, 2018-19 to 2019-20	Additional Commissioner of Commercial Taxes
15	Central and Various State Sales Tax Acts	Sales Tax/Value Added Tax	63	14	49	1985-1986, 2007-08 to 2008-09, 2010-11 to 2019-20	Deputy Commissioner of Commercial Taxes

Annexure B to Independent Auditor's Report (Continued)

Appendix I – Particulars of Tax dues not deposited on account of a dispute (Continued)

Sl. No.	Name of Statute	Nature of Dues	Disputed Amount (₹ crores)	Amount Paid (₹ crores)	Unpaid Amount (₹ crores)	Financial Year to which the amount relates	Forum where the dispute is pending
16	Central and Various State Sales Tax Acts	Sales Tax/Value Added Tax	279	29	250	2000-01 to 2001-02, 2003-04 to 2005-06, 2010-11 to 2020-21	Joint Commissioner of Commercial Taxes
17	Central and Various State Sales Tax Acts	Sales Tax/Value Added Tax	44	7	37	1990-91, 1992-93 to 1993-94, 1995-96 to 2000-01, 2004-05, 2015-16 to 2017-18	Commercial Taxes Appellate Tribunal
18	Central and Various State Sales Tax Acts	Sales Tax/Value Added Tax	5	-	5	1993-94, 2003-04, 2005-06 and 2017-18	Commercial Taxes Appellate Tribunal and Revisionary Board
19	Central and Various State Sales Tax Acts	Sales Tax/Value Added Tax	53	15	38	1978-79 to 1984-85, 1988-89 to 1989-90, 1992-93 to 1994-95, 1996-97 to 2001-02, 2007-08, 2009-10 to 2011-12, 2017-18 to 2020-21	High Courts of various states
20	Various Entry Tax Acts, Local Body Tax and Octroi Duty	Entry Tax/Local Body Tax	0#	-	0#	1989-1990 and 2017-2018	Assessing Officer
21	Various Entry Tax Acts, Local Body Tax and Octroi Duty	Entry Tax/Local Body Tax	1	0#	1	2014-15 and 2015-16	Assistant Commissioner of Commercial Taxes
22	Various Entry Tax Acts, Local Body Tax and Octroi Duty	Entry Tax/Local Body Tax	5	1	4	2005-06, 2007-08 to 2009-10, 2010-11 to 2015-16	Joint Commissioner/ Additional Commissioner of Commercial Taxes
23	Various Entry Tax Acts, Local Body Tax and Octroi Duty	Entry Tax/Local Body Tax	5	3	2	1987-88, 2000-01, 2004-05, 2007-08 to 2010-11	Commercial Taxes Appellate Tribunal
24	Various Entry Tax Acts, Local Body Tax and Octroi Duty	Entry Tax/Local Body Tax	2	2	1	2007-08 to 2013-14	High Court of various states
25	Various Entry Tax Acts, Local Body Tax and Octroi Duty	Entry Tax/Local Body Tax/Octroi Duty	4	1	3	1997-98, 2003-04 to 2007-08	Supreme Court
26	Bengal Excise Act, 1909 and Bengal Excise (Amendment) Act, 2012	State Excise	1	-	1	1993-94	Civil Court, West Bengal
27	Bengal Excise Act, 1909 and Bengal Excise (Amendment) Act, 2012	State Excise	0 #	-	0 #	1994-95 and 2014-15	Collector of State Excise, West Bengal

Annexure B to Independent Auditor's Report (Continued)

Appendix I – Particulars of Tax dues not deposited on account of a dispute (Continued)

Sl. No.	Name of Statute	Nature of Dues	Disputed Amount (₹ crores)	Amount Paid (₹ crores)	Unpaid Amount (₹ crores)	Financial Year to which the amount relates	Forum where the dispute is pending
28	Various State Excise Acts	State Excise	3	-	3	2010-11 to 2017-18	Superintendent of State Excise
29	Various State Excise Acts	State Excise	19	4	15	2019-20	Deputy Superintendent of State Excise
30	Various State Excise Acts	State Excise	8	3	5	2001-02, 2002-03, 2015-16	Principal Secretary of Excise
31	Various State Excise Acts	State Excise	14	4	10	1963-64 to 1972-73, 1974-75 to 1991-92, 1993-94, 1995-96, 1998-99, 2000-01, 2011-12, 2014-15, 2015-16, 2022-23	Commissioner of State Excise
32	Various State Excise Acts	State Excise	1	-	1	1994-95, 2001-02, 2007-08, 2012-13	State Taxation tribunals
33	Various State Excise Acts	State Excise	27	11	16	1972-73, 1973-74, 1980-81, 1982-83, 1997-98, 1998-99, 2001-02, 2002-03, 2010-11, 2012-13 to 2015-16, 2018-19	High Courts of various states
34	Various State Excise Acts	State Excise	150	8	142	1971-72, 1992-93, 1996-97, 2002-03, 2004-05, 2012-13	Supreme Court
35	Central/ States Goods & Services Tax Act, 2017	Goods & Services Tax	0 #	-	0 #	2018-19	Assistant Commissioner
36	Central/ States Goods & Services Tax Act, 2017	Goods & Services Tax	68	4	64	2017-18 to 2021-22	Joint Commissioner of Commercial Taxes / Commissioner (Appeals)
37	Central/ States Goods & Services Tax Act, 2017	Goods & Services Tax	933	-	933	2017-18 to 2020-21	High Court of Karnataka
38	Other Litigations	Stamp Duty	1	-	1	1999-2000	High Court
39	Other Litigations	Property Tax	0 #	-	0 #	2019-20	High Court

'0' indicates that the amounts involved are below ₹ fifty lakhs and the sign '-'indicates that the amounts are nil.

* Amount paid includes refunds due to the company which have been adjusted by the assessing officer (AO) towards demands pending for other financial years. The amount paid in the table above has been restricted to the extent of the disputed amount.

Annexure B to Independent Auditor's Report (Continued)

Appendix I I – Title deeds not in the name of the Company

Referred to in paragraph i(c) of Annexure B to the Independent Auditor's Report to the members of United Spirits Limited on the standalone financial statements as of and for the year ended March 31, 2024

Description of property	Held in the name of	Gross carrying value (₹ crores)	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in name of Company
Building in the state of Karnataka	Refer Note 1	34	No	13 years	Refer Note 1 below
Building in the state of Maharashtra	Shaw Wallace & Company Limited	0#	No	16 years	Refer Note 2 below
Freehold land in Gujarat	Herbertsons Limited	0#	No	18 years	Refer Note 2 below
Freehold land in Maharashtra	Herbertsons Limited	27	No	18 years	Refer Note 2 below
Freehold land in Maharashtra	McDowell & Company Limited	27	No	23 years	Refer Note 5 below
Freehold land in Maharashtra	Maharashtra Distilleries Limited	1	No	18 years	Refer Note 2 below
Freehold land in Odisha	Poonam Distillery Limited	1	No	18 years	Refer Note 2 below
Freehold land in Rajasthan	Udaipur Distillery Co. Limited	2	No	23 years	Refer Note 2 below
Freehold land in Uttar Pradesh	Carew Phipson Ltd	5	No	28 years	Refer Note 2 below
Freehold land in Uttar Pradesh	Ganges Soap Works Private Limited	0#	No	18 years	Refer Note 2 below
Freehold land in West Bengal	Bengal Distilleries Co Ltd	0#	No	15 years	Refer Note 2 below
Freehold land in West Bengal	Serampore Distillery and Chemical Company Limited	1	No	23 years	Refer Note 2 below
Freehold land in West Bengal	Shaw Wallace Distilleries Limited	1	No	18 years	Refer Note 2 below
Freehold land in West Bengal	Jointly Held	1	No	18 years	Refer Note 7 below
Leasehold land in Rajasthan	Udaipur Distillery Co. Limited	1	No	23 years	Refer Note 2 below
Freehold land in Karnakata	Pampasar Distillery Limited	9	No	18 years	Refer Note 2 and Note 3 below
Freehold land in Telangana	Shaw Wallace & Company Limited	63	No	16 years	Refer Note 2 and Note 3 below
Freehold land in Uttar Pradesh	Central Distillery and Chemical Works Ltd	5	No	18 years	Refer Note 2 and Note 3 below
Freehold land in West Bengal	Carew and Company Limited	3	No	23 years	Refer Note 2 and Note 3 below
Freehold land in West Bengal	McDowell & Company Limited	6	No	23 years	Refer Note 3 and Note 5 below

Annexure B to Independent Auditor's Report (Continued)

Appendix I I – Title deeds not in the name of the Company (Continued)

Description of property	Held in the name of	Gross carrying value (₹ crores)	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in name of Company
Freehold land in West Bengal	Refer Note 6	8	No	23 years	Refer Note 3 and Note 6 below
Freehold land in West Bengal	Shaw Wallace & Company Limited	22	No	16 years	Refer Note 2 and Note 4 below
Freehold land in Goa	Jointly Held	3	No	21 years	Refer Note 3 and Note 7 below
Free hold land in Delhi	McDowell & Co Ltd	9	No	23 years	Refer Note 2 and Note 3 below
Freehold land in Tamil Nadu	McDowell & Company Limited	0#	No	23 years	Refer Note 5 below
Freehold land in Telangana	McDowell & Co Ltd	5	No	23 years	Refer Note 2 below
Freehold land in Telangana	McDowell & Company Limited	0#	No	23 years	Refer Note 5 below
Freehold land in Uttar Pradesh	McDowell & Company Limited	0#	No	23 years	Refer Note 5 below
Leasehold land in Kerala	McDowell & Co Ltd	1	No	23 years	Refer Note 2 and Note 3 below
Freehold land in West Bengal	McDowell & Company Limited	2	No	23 years	Refer Note 5 below

Notes:

\# '0' indicates that the amounts involved are below ₹ fifty lakhs.

1. The Company has entered into an agreement to sell with the erstwhile owner and is litigating for execution of the sale deed. Refer to Note 3.1(b) to the standalone financial statements.
2. Held in the name of erstwhile transferor companies which were amalgamated with the Company through approved Court Schemes. Refer to Notes 3.1(a) and 3.6(a) for the standalone financial statements.
3. These properties are under hypothecation with a bank. Refer to Notes 33(b) and 40(d) for the standalone financial statements.
4. Part of this property is under dispute with a regulator and the matter is pending with the Kolkata High Court.
5. McDowell & Company Limited's name has been changed to United Spirits Limited w.e.f. October 17, 2006.
6. The Company is not in the possession of the title deeds. Refer to Note 3.1(a) to the standalone financial statements.
7. The property is being jointly held by the Company and a third party. Refer to Note 3.1(a) and 3.6(a) to the standalone financial statements.

Standalone Balance Sheet

(All amounts in ₹ crores unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	844	978
Right-of-use assets	3.2	227	173
Capital work-in-progress	3.3	37	67
Intangible assets	3.4	35	31
Intangible assets under development	3.5	-	16
Investment property	3.6	139	25
Financial assets			
Investments in subsidiaries and associate	4.1	224	206
Trade receivables	11	365	-
Loans	5	-	-
Other financial assets	6	112	146
Deferred tax assets (net)	7	177	157
Current tax assets (net) (Non-current)	8	1,348	1,311
Other non-current assets	9	216	239
Total non-current assets		**3,724**	**3,349**
Current assets			
Inventories	10	2,063	2,230
Financial assets			
Investments	4.2	599	256
Trade receivables	11	2,763	2,383
Cash and cash equivalents	12.1	1,021	81
Bank balances other than cash and cash equivalents	12.2	188	768
Loans	5	10	109
Other financial assets	6	40	137
Other current assets	9	334	258
Total current assets		**7,018**	**6,222**
Total assets		**10,742**	**9,571**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	145	145
Other equity			
Reserves and surplus	14	6,818	5,799
Total equity		**6,963**	**5,944**

Standalone Balance Sheet (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	15	-	0
Lease liabilities	3.2	137	80
Provisions	17	15	12
Total non-current liabilities		**152**	**92**
Current liabilities			
Financial liabilities			
Borrowings	15	0	1
Lease liabilities	3.2	103	102
Trade payables	18		
(A) total outstanding dues of micro and small enterprises		69	50
(B) total outstanding dues of creditors other than micro and small enterprises		1,758	1,688
Other financial liabilities	16	204	285
Provisions	17	367	372
Current tax liabilities (net)	8	324	283
Other current liabilities	19	802	754
Total current liabilities		**3,627**	**3,535**
Total liabilities		**3,779**	**3,627**
Total equity and liabilities		**10,742**	**9,571**

The above Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm registration number: 304026E/E-300009
Chartered Accountants

Dibyendu Majumder
Partner
Membership number: 057687

Place: Mumbai
Date: May 24, 2024

For **and on behalf of the Board of Directors**

Mahendra Kumar Sharma
Chairman
DIN: 00327684
Place: Mumbai

Hina Nagarajan
Managing Director and Chief Executive Officer
DIN: 00048506
Place: Mumbai

V K Viswanathan
Director
DIN: 01782934
Place: Mumbai

Pradeep Jain
Executive Director and Chief Financial Officer
DIN: 02110401
Place: Mumbai

Mital Sanghvi
Company Secretary
Place: Mumbai

Date: May 24, 2024

Standalone Statement of Profit and Loss

(All amounts in ₹ crores unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
INCOME			
Revenue from operations	20	25,389	27,578
Other income	21	335	74
Total income		**25,724**	**27,652**
EXPENSES			
Cost of materials consumed	22	5,254	5,337
Purchase of stock-in-trade		675	864
Change in inventories of finished goods, work-in-progress and stock-in-trade	23	119	(129)
Excise duty		14,697	17,204
Employee benefits expense	24	543	607
Depreciation and amortisation expense	25	264	271
Advertisement and sales promotion		1,041	920
Other expenses	26	1,352	1,356
Finance costs	27	76	104
Total expenses		**24,021**	**26,534**
Profit before exceptional items and tax		**1,703**	**1,118**
Add/ (Less): Exceptional items, net	28	(17)	171
Profit before tax		**1,686**	**1,289**
Tax expense:	29		
Current tax		403	282
Current tax relating to earlier years		(10)	(30)
Deferred tax (credit) / charge		(19)	(15)
Total tax expense		**374**	**237**
Profit for the year		**1,312**	**1,052**
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	38(b)E	(3)	(1)
(ii) Income tax credit / (charge) relating to these items	7	1	0
Other comprehensive income for the year, net of tax		**(2)**	**(1)**
Total comprehensive income for the year		**1,310**	**1,051**
Basic and diluted earnings per share (in INR)	30	18.04	14.46

The above statement of profit and loss should be read in conjunction with the accompanying notes.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm registration number: 304026E/E-300009
Chartered Accountants

Dibyendu Majumder
Partner
Membership number: 057687

Place: Mumbai
Date: May 24, 2024

For **and on behalf of the Board of Directors**

Mahendra Kumar Sharma
Chairman
DIN: 00327684
Place: Mumbai

Hina Nagarajan
Managing Director and Chief Executive Officer
DIN: 00048506
Place: Mumbai

V K Viswanathan
Director
DIN: 01782934
Place: Mumbai

Pradeep Jain
Executive Director and Chief Financial Officer
DIN: 02110401
Place: Mumbai

Mital Sanghvi
Company Secretary
Place: Mumbai

Date: May 24, 2024

Standalone Statement of Changes in Equity

A. Equity share capital

(All amounts in ₹ crores unless otherwise stated)

Particulars	Note	Amount
Equity share capital as at April 1, 2022	13	**145**
Changes in equity share capital		0
Equity share capital as at March 31, 2023	13	**145**
Changes in equity share capital		-
Equity share capital as at March 31, 2024	13	**145**

B. Other equity

		Reserves and surplus								
Particulars	Note	Capital reserve	Capital redemption reserve	Securities premium account	Central subsidy	Share based incentive reserve	Contingency reserve	General reserve	Retained earnings	Total
Balance as at April 1, 2022	**14**	**95**	**72**	**4,568**	**0**	**(0)**	**11**	**1,103**	**(1,102)**	**4,747**
Profit for the year		-	-	-	-	-	-	-	1,052	1,052
Other comprehensive income (OCI), net of tax		-	-	-	-	-	-	-	(1)	(1)
Total comprehensive income									**1,051**	**1,051**
Share based payments		-	-	-	-	7	-	-	-	7
Cross charge by a Diageo group company during the year towards share based payments	36(b)(x)	-	-	-	-	(6)	-	-	-	(6)
Balance as at March 31, 2023	**14**	**95**	**72**	**4,568**	**0**	**1**	**11**	**1,103**	**(51)**	**5,799**
Profit for the year		-	-	-	-	-	-	-	1,312	1,312
Other comprehensive income (OCI), net of tax		-	-	-	-	-	-	-	(2)	(2)
Total comprehensive income									**1,310**	**1,310**
Share based payments		-	-	-	-	4	-	-	-	4
Cross charge by a Diageo group company during the year towards share based payments	36(b)(x)	-	-	-	-	(4)	-	-	-	(4)
Dividend payment (refer note 32b)		-	-	-	-	-	-	-	(291)	(291)
Balance as at March 31, 2024	**14**	**95**	**72**	**4,568**	**0**	**1**	**11**	**1,103**	**968**	**6,818**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm registration number: 304026E/E-300009
Chartered Accountants

Dibyendu Majumder
Partner
Membership number: 057687

Place: Mumbai
Date: May 24, 2024

For **and on behalf of the Board of Directors**

Mahendra Kumar Sharma
Chairman
DIN: 00327684
Place: Mumbai

Hina Nagarajan
Managing Director and Chief Executive Officer
DIN: 00048506
Place: Mumbai

V K Viswanathan
Director
DIN: 01782934
Place: Mumbai

Pradeep Jain
Executive Director and Chief Financial Officer
DIN: 02110401
Place: Mumbai

Mital Sanghvi
Company Secretary
Place: Mumbai

Date: May 24, 2024

Standalone Statement of Cash Flows

(All amounts in ₹ crores unless otherwise stated)

	Particulars	Notes	For the year ended March 31, 2024		For the year ended March 31, 2023	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**					
	Profit before tax			1,686		1,289
	Adjustments for					
	Depreciation and amortisation expense	25	264		271	
	Employee share-based payment expense	24	37		23	
	Loss allowance on trade receivables, other assets and other financial assets (net)	26	41		5	
	Profit on redemption of mutual fund units	21	(42)		(17)	
	Increase in fair value of investments	21	(18)		(3)	
	Finance costs	27	76		104	
	Dividend income	21	(125)		-	
	Gain on disposal of property, plant and equipment (net)	21	(13)		(20)	
	Interest income	21	(39)		(34)	
	Interest on direct and indirect tax refund	21	(87)		-	
	Exceptional item- Profit on sale of business undertaking	28(b)	(31)		(380)	
	Exceptional item- Supply restructuring cost	28(c)	48		157	
	Exceptional item- Others	28(a,d)	-		51	
	Exchange loss on translation of foreign currency monetary assets and liabilities		4		1	
				115		158
	Operating profit before changes in working capital			1,801		1,447
	(Increase) / decrease in trade receivables		(804)		(296)	
	(Increase) / decrease in loans and other financials assets		150		(92)	
	(Increase) / decrease in other assets		(50)		(116)	
	(Increase) / decrease in inventories		163		(254)	
	Increase / (decrease) in trade payables		50		220	
	Increase / (decrease) in other financial liabilities		(116)		10	
	Increase / (decrease) in other liabilities		79		93	
	Increase / (decrease) in provisions		(48)	(576)	(139)	(574)
	Cash generated from operations			1,225		873
	Income taxes paid (net of refund)			(313)		(297)
	Net cash generated from operating activities (A)			912		576
B.	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Purchase of property, plant and equipment and intangible assets		(98)		(140)	
	Proceeds from sale of property, plant and equipment		20		27	
	Purchase of current Investments		(760)		(8,517)	
	Redemption of current Investments		478		8,502	
	Purchase of term deposits		(400)		(1,013)	
	Redemption of term deposits		980		250	
	Investment in an associate		(15)		(32)	
	Proceeds from sale of a business undertaking		-		818	
	Proceeds from sale of a subsidiary		-		32	
	Loans given to subsidiaries	36(b)(xv)	(29)		(326)	
	Repayment of loans by subsidiaries	36(b)(xvi), (xvii)	121		362	
	Loans given to others		-		(8)	
	Repayment of loans given to others		6		3	
	Interest received		39		20	
	Dividend received	21	125		-	
	Net cash inflow/(outflow) from investing activities (B)			467		(22)

Standalone Statement of Cash Flows (Continued)

(All amounts in ₹ crores unless otherwise stated)

	Particulars	Notes	For the year ended March 31, 2024		For the year ended March 31, 2023	
C.	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Net proceeds / (repayment) of working capital loans	15	-		(339)	
	Repayment of deferred sales tax liability	15	(1)		(1)	
	Interest paid on borrowings	15	-		(20)	
	Dividend paid	32b	(291)		-	
	Principal repayment of lease liabilities	15	(126)		(124)	
	Interest paid on lease liabilities	15	(21)		(16)	
	Net cash outflow from financing activities (C)			**(439)**		**(500)**
	Net increase / (decrease) in cash and cash equivalents [D = A+B+C]			**940**		**54**
	Cash and cash equivalents as at the beginning of the year (E)			**81**		**27**
	Effects of exchange rate changes on cash and cash equivalents			0		0
	Net increase / (decrease) in cash and cash equivalents			940		54
	Cash and cash equivalents as at the end of the year [D+E]	12.1		**1,021**		**81**
	Note:					
	Non-cash financing and investing activities					
	Acquisition of right-of-use assets	3.2		184		86

The above statement of cash flows should be read in conjunction with the accompanying notes.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm registration number: 304026E/E-300009
Chartered Accountants

Dibyendu Majumder
Partner
Membership number: 057687

Place: Mumbai
Date: May 24, 2024

For **and on behalf of the Board of Directors**

Mahendra Kumar Sharma
Chairman
DIN: 00327684
Place: Mumbai

Hina Nagarajan
Managing Director and Chief Executive Officer
DIN: 00048506
Place: Mumbai

V K Viswanathan
Director
DIN: 01782934
Place: Mumbai

Pradeep Jain
Executive Director and Chief Financial Officer
DIN: 02110401
Place: Mumbai

Mital Sanghvi
Company Secretary
Place: Mumbai

Date: May 24, 2024

Notes to the financial statements

(All amounts in ₹ crores unless otherwise stated)

Company overview

United Spirits Limited ("the Company" or "USL") is a public company domiciled and headquartered in Bengaluru, Karnataka, India. It is incorporated under the Companies Act, 1956 and its shares are listed on the BSE Limited and National Stock Exchange of India Limited. The 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.

These standalone financial statements ((or) financial statements) are approved for issue by the Company's Board of Directors on May 24, 2024.

Note 1: Basis of preparation of financial statements

(i) Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provisions of the Act.

(ii) Historical cost convention

These financial statements have been prepared on a historical cost basis, except for the following:

- defined benefits plans - plan assets are measured at fair value;
- share-based payments are measured at fair value; and
- investment in mutual funds and investment in compulsorily convertible preference shares of associate are measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Act. Based on the nature of products and the time between the acquisition of asset for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of assets and liabilities.

(iii) New and amended standards adopted

The Ministry of Corporate Affairs had vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the "Rules') which amended certain accounting standards, and are effective 1st April 2023.

- Disclosure of accounting policies - amendments to Ind AS 1
- Definition of accounting estimates - amendments to Ind AS 8
- Deferred tax related to assets and liabilities arising from a single transaction - amendments to Ind AS 12. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the Company's accounting policy already complies with the new mandatory treatment.

The material accounting policy information related to preparation of the Standalone Financial Statements have been disclosed in the respective notes.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 2: Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual result. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates and judgements are:

- Estimation of provisions recognized and contingent liabilities disclosed in respect of tax matters– Notes 8, 17, and 42;
- Impairment of trade receivables and other financial assets - Notes 6, 11 and 31A .

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

3.1 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation, and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method as per the estimated useful lives of assets as below:

Asset category	Useful life (in years)
Building	
- Roads	5
- Buildings	5 - 60
Plant and Equipment	
- Wooden Casks	7 - 15
- Others	7 - 15
Furniture and Fittings	10
Office Equipment	
- Computers	3
- Servers	3
- Others	5
Vehicles	5

Useful lives of asset classes determined by management estimate, which are different than those prescribed under Schedule II of the Act are supported by internal technical assessment of the useful lives. Estimated useful lives based on technical evaluation considers the impact of additional depreciation for working extra shifts.

Refer note 52.1 for other accounting policy relevant to property, plant & equipment.

(All amounts in ₹ crores unless otherwise stated)

Particulars	Freehold Land [Refer note (a) and (c) below]	Buildings [Refer note (b) below]	Plant and Equipment	Furniture and Fittings	Office Equipment	Vehicles	Total
Year ended March 31, 2023							
Gross carrying amount							
Opening	282	480	1,322	44	72	2	**2,202**
Additions	-	23	107	3	3	-	**135**
Transfer pursuant to sale of business undertaking (Refer note 48(a))	-	(21)	(222)	(1)	(3)	(0)	**(246)**
Disposals	(5)	(5)	(35)	(0)	(0)	(0)	**(46)**
Transfer to investment property	(25)	(31)	-	-	-	-	**(57)**
Closing gross carrying amount	**252**	**445**	**1,172**	**46**	**72**	**1**	**1,988**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	Freehold Land [Refer note (a) and (c) below]	Buildings [Refer note (b) below]	Plant and Equipment	Furniture and Fittings	Office Equipment	Vehicles	Total
Accumulated depreciation and impairment							
Opening	16	157	743	33	50	2	**1,001**
Depreciation charge during the year	-	20	100	2	7	-	**129**
Transfer pursuant to sale of business undertaking (Refer note 48(a))	-	(7)	(149)	(1)	(1)	(0)	**(157)**
Impairment during the year [refer note (d) below]	61	44	-	4	-	-	**109**
Disposals	-	(4)	(35)	(0)	(0)	(0)	**(39)**
Transfer to investment property	(3)	(29)	-	-	-	-	**(32)**
Closing accumulated depreciation and impairment	**74**	**181**	**659**	**38**	**56**	**1**	**1,010**
Net carrying amount as at March 31, 2023	**178**	**264**	**513**	**7**	**16**	**-**	**978**
Year ended March 31, 2024							
Gross carrying amount							
Opening	252	445	1,172	46	72	1	**1,988**
Additions	3	10	109	1	3	-	**126**
Disposals	-	(1)	(23)	(3)	(20)	-	**(47)**
Transfer to investment property	(113)	(85)	-	-	-	-	**(198)**
Closing gross carrying amount	**142**	**369**	**1,258**	**44**	**55**	**1**	**1,869**
Accumulated depreciation and impairment							
Opening	74	181	659	38	56	1	**1,010**
Depreciation charge during the year	0	19	92	3	7	0	**121**
Impairment during the year [refer note (d) below]	-	10	9	1	-	-	**20**
Assets written off provision during the year	-	-	1	-	-	-	**1**
Disposals	-	-	(19)	(3)	(19)	-	**(41)**
Transfer to investment property	(20)	(65)	-	-	-	-	**(85)**
Closing accumulated depreciation and impairment	**54**	**145**	**742**	**39**	**44**	**1**	**1,025**
Net carrying amount as at March 31, 2024	**88**	**224**	**516**	**5**	**11**	**-**	**844**

Notes:

(a) Land includes:

(i) gross carrying amount of ₹ 79 crores (2023: ₹ 203 crores) in respect of which the title deeds are in the name of erstwhile merged entities;

(ii) gross carrying amount of ₹ 8 crores (2023: ₹ 8 crores) in respect of which the Company is not in the possession of title deeds. These properties were acquired by the Company through amalgamations effected in the prior years and the amalgamation orders are in possession of the Company;

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(iii) gross carrying amount of ₹ 3 crores (2023: ₹ 4 crores) in respect of which title deeds are jointly held in the name of the Company and third party; and

(iv) gross carrying amount of ₹ Nil (2023: ₹ 6 crores) in respect of which the Company is in possession of combination of original and photocopy of title deeds.

(b) Buildings include gross carrying amount of ₹ 34 crores (2023: ₹ 34 crores) in respect of which the Company has initiated litigation for execution of sale deed in favour of the Company.

(c) The Company holds many properties, both freehold and leasehold. Many of the freehold properties have been acquired during the past two decades through mergers and amalgamations and as such their title deeds are in the name of the erstwhile transferor companies. The Company has title documents and other supporting evidences establishing ownership of these properties, makes payment of property taxes in relation to these properties, and is in peaceful possession.

(d) The Company has taken an exceptional charge of ₹ 20 crores (2023: ₹ 109 crores) towards impairment of property, plant and equipment covered under Supply Agility Programme by writing down their carrying amounts to their net recoverable amounts. (Refer Note 28(c)).

Property, plant and equipment pledged as security

Refer Note 33 for information on property, plant and equipment pledged as security by the Company.

Contractual obligations

Refer Note 41 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

3.2 Right-of-use assets and lease liabilities

As a lessee

The Company recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments, for example arrangements that require payments based on agreed minimum production volumes),
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise items of buildings, office equipment and furniture.

This note provides information for leases where the Company is a lessee. The Company has taken on lease land, offices, warehouses, plant and equipment and office equipment. Lease contracts are typically entered into for 30 years to 100 years for leasehold land and for periods of 11 months to 5 years for other categories, and may have extension options as described in Note (c) below. Some of the leasing arrangements entered into by the Company include non-cancellable lease terms.

(i) Amounts recognised in Balance Sheet

	As at March 31, 2024	As at March 31, 2023
Right-of-use assets		
Leasehold land	5	6
Buildings	19	20
Plant and equipment	201	140
Office equipment	2	7
Total	**227**	**173**
Movement of right-of-use assets during the year		
Opening	173	261
Additions / adjustments	184	86
Depreciation for the year	(129)	(130)
Termination of leases	-	(44)
Transfer to investment property	(1)	(0)
Closing	**227**	**173**
Lease liabilities		
Current	103	102
Non-current	137	80
Total	**240**	**182**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(ii) Amounts recognised in the Statement of Profit and Loss

		Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
(a)	Depreciation charge of right-of-use assets	25		
	Leasehold land		0	0
	Buildings		9	10
	Plant and equipment		115	115
	Office equipment		5	5
Total			**129**	**130**
(b)	Interest expenses (included in finance cost)	27	21	16
(c)	Lease related expenses included in Rent expenses	26		
	Short term leases		14	9
	Leases of low value assets		4	0
	Variable lease payments (not included in lease liabilities)		182	222
Total			**200**	**231**

(iii) The total cash outflow for leases for the year ended March 31, 2024 was ₹ 347 crores (2023: ₹ 371 crores).

Notes:

(a) Additions / adjustments to the right-of-use assets for year ended March 31, 2024 aggregate to ₹ 184 crores (2023: ₹ 86 crores).

(b) Variable lease payments

The Company has lease contracts for plant and equipment that contain variable payments. Variable lease payments that depend on production volumes are recognised in the Statement of Profit and Loss in the period in which the condition that triggers those payments occurs. Any changes in production under contracts which includes variable lease payments, would have a proportionate impact on the variable lease payments. Certain agreements contain clauses for minimum production volumes and hence portion of lease payments in these agreements are 'in-substance fixed'. "In-substance fixed" lease payments are included in the determination of the lease liabilities and consequently included in determining the value of right-of-use assets.

(c) Extension and termination options

Extension and termination options are included in a number of property and equipment leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. Management considers contractual terms and conditions, leasehold improvements undertaken, costs relating to termination of lease, incentives receivable from the Government (if any) and significance of the underlying asset to the Company's operations in determining the lease term for the purpose of recognising/ measuring the lease liability.

(d) Leasehold land includes:

(i) gross carrying amount of Nil (2023: ₹ 2 crores) in respect of which the title deeds are in the name of erstwhile merged entities;

(ii) gross carrying amount of ₹ 8 crores (2023: ₹ 8 crores) in respect of which the Company is in possession of photocopies of the title deeds.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

3.3 Capital work-in-progress

Movement of Capital work-in-progress (CWIP) set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening	67	88
Additions	96	114
Assets capitalised during the year	(126)	(135)
Closing	**37**	**67**

The ageing schedule for capital work in progress is set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Projects in progress		
Less than 1 year	24	40
1-2 years	9	19
2-3 years	2	8
More than 3 years	2	0
Total	**37**	**67**

Projects under suspension amounted to ₹ 1 crores (2023 : Nil).

Expected completion timelines of CWIP projects whose completion is overdue or has exceeded its cost compared to its original plan is set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Less than 1 year		
Health, safety and environment protection projects	1	6
Brand innovation projects	4	8
Support core growth projects	6	7
Productivity improvement projects	7	14
Others	9	8
Total	**27**	**43**
1-2 years		
Others	0	-

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

3.4 Intangible assets

Brand and licenses

Licenses acquired are carried at cost less accumulated amortisation and impairment losses, if any. Brands are regarded as having indefinite useful lives and are not amortised, but are assessed for impairment at every reporting date.

Computer software

Computer software acquired or developed are carried at cost less accumulated amortisation and impairment losses, if any. Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of customised computer software applications are recognised as intangible assets under development or intangible assets when ready for intended use, when the following criteria are met:

a) it is technically feasible to complete the software so that it will be available for use,

b) there is an ability to use or sell the software,

c) it can be demonstrated that the software will generate probable future economic benefits,

d) adequate technical, financial and other resources to complete the development and to use the software are available, and

e) the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the customised software applications include employee costs and other directly attributable costs are amortised from the point at which the software asset is available for use.

Amortisation method and useful lives

The company amortises intangible assets with finite useful life using the straight-line method over their estimated useful lives as follows:

Asset category	Useful life(Years)
Licenses	Over the license period
Computer software	5

Refer note 52.2 for other accounting policy relevant to intangible assets.

Particulars	Brands	License	Computer Software	Total
Year ended March 31, 2023				
Gross carrying amount				
Opening	1	4	50	55
Additions to internally developed intangible assets	-	-	19	19
Transfer pursuant to sale of business undertaking (Refer note 48(a))	-	(4)	-	(4)
Closing gross carrying amount	**1**	**0**	**69**	**70**
Accumulated amortisation and impairment				
Opening	1	2	27	30
Amortisation charge for the year	-	0	11	11
Transfer pursuant to sale of business undertaking (Refer note 48(a))	-	(2)	-	(2)
Closing accumulated amortisation and impairment	**1**	**0**	**38**	**39**
Net carrying amount as at March 31, 2023	**-**	**0**	**31**	**31**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	Brands	License	Computer Software	Total
Year ended March 31, 2024				
Gross carrying amount				
Opening	1	0	69	70
Additions to internally developed intangible assets	-	-	18	18
Disposals	-	-	-	-
Closing gross carrying amount	**1**	**0**	**87**	**88**
Accumulated amortisation and impairment				
Opening	1	0	38	39
Amortisation charge for the year	-	-	14	14
Disposals	-	-	-	-
Closing accumulated amortisation and impairment	**1**	**0**	**52**	**53**
Net carrying amount as at March 31, 2024	**-**	**0**	**35**	**35**

3.5 Intangible assets under development

Movement of intangible assets under development set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening	16	8
Additions	2	27
Intangible assets capitalised during the year	(18)	(19)
Closing	**-**	**16**

The ageing schedule for intangible assets under development is set-out below:

Projects in progress	As at March 31, 2024	As at March 31, 2023
Less than 1 year	-	7
1-2 years	-	9
Total	**-**	**16**

There were no projects under suspension as at March 31, 2024 and March 31, 2023.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Expected completion timeline of intangible assets under development projects whose completion is overdue or has exceeded its cost compared to its original plan is set-out below:

Projects in progress	As at March 31, 2024	As at March 31, 2023
Less than 1 year		
ERP related development project	-	2
Business application related development project	-	13
Others	-	1
Total	**-**	**16**

There were no projects which are expected to be completed after the expiry of one year.

3.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Movement of investment property is set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Gross carrying amount		
Opening	57	-
Transfer from property, plant and equipment	198	57
Transfer from right of use assets	2	0
Disposal	(14)	-
Closing gross carrying amount	**243**	**57**
Accumulated depreciation and impairment		
Opening	32	-
Transfer from property, plant and equipment	85	32
Transfer from right of use assets	1	-
Depreciation and impairment on disposal	(14)	-
Closing accumulated depreciation and impairment	**104**	**32**
Net carrying amount	**139**	**25**

Estimation of fair value:

The Company obtains independent valuations for its investment property. The best evidence of fair value is current prices in an active market for similar properties. When such information is not available, the Company considers information from a variety of sources including :

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(a) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;

(b) discounted cash flow projections based on reliable estimates of future cash flows; and

(c) capitalised income projection based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair value of investment property has been determined by a valuation expert who holds relevant professional qualification and experience. The market value of the investment property has been assessed on an open market basis with the benefit of vacant possession. In the course of valuation, a direct comparison method has been adopted by making a reference to the relevant market transaction in land and building where the investment property is located. The appropriate adjustments have been made in order to account for the differences between the subject property and comparable terms of time, floor level, view, condition, quality and facilities etc. All resulting fair value estimates for investment properties are included in level 3.

Notes:

(a) Investment Property includes Land of:

- (i) gross carrying amount of ₹ 113 crores (2023: ₹ 18 crores) in respect of which the title deeds are in the name of erstwhile merged entities;
- (ii) gross carrying amount of ₹ 1 crore (2023: Nil) in respect of which title deeds are jointly held in the name of the Company and third party;
- (iii) gross carrying amount of ₹ 1 crore (2023: ₹ 1 crore) in respect of which the Company is in possession of photocopies of the title deeds; and
- (iv) gross carrying amount of ₹ 6 crores (2023: ₹ Nil) in respect of which the Company is in possession of combination of original and photocopy of title deeds.

(b) Opening and closing cost of buildings includes payments below rounding off norms adopted by the Company towards fully paid shares held in a co-operative housing society for the purpose of acquiring the right of occupation in respect of which Company is in possession of photocopy of share certificate in co-operative society.

(c) Fair value of investment property is ₹ 485 crores (2023: ₹ 146 crores).

(d) The restrictions on realisability of investment properties are mentioned in note (a) above

(e) There is no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

4.1 Investments in subsidiaries and associate

	Particulars	Face value (Per share)	Number of shares	As at March 31, 2024	Number of shares	As at March 31, 2023
a)	**Investments in subsidiaries**					
	Investment in equity instruments carried at cost (fully paid-up)					
	Unquoted					
	McDowell & Co (Scotland) Limited	GBP 1	15,75,000	13	15,75,000	13
	Shaw Wallace Overseas Limited	GBP 1	3,57,745	-	3,57,745	-
	Asian Opportunities & Investments Limited	USD 1	49,98,706	-	49,98,706	-
	Palmer Investment Group Limited	USD 1	1,50,00,000	-	1,50,00,000	-
	USL Holdings Limited	USD 1	76,66,40,114	-	76,66,40,114	-
	Royal Challengers Sports Private Limited	INR 10	14,690	42	14,690	42
	Total investments in equity instruments			**55**		**55**
b)	**Investment in associate**					
	Nao Spirits & Beverages Private Limited [Refer note (b) below]		-		-	
	- Equity shares carried at cost	INR 10	4,670	12	4,670	12
	- Compulsorily convertible preference shares carried at fair value through profit and loss	INR 10	14,172	37	8,094	20
				49		**32**
c)	**Investment in trust controlled by the Company**					
	Investment as sole beneficiary in USL Benefit Trust [Refer Note (a) below]			120		**120**
				224		**206**
	Aggregate amount of unquoted investments			224		206

Notes:

(a) Investment as a sole beneficiary in USL Benefit Trust (the 'Trust') was recorded as per the terms of composite scheme of arrangement approved by the Honourable High Courts of Karnataka and Bombay, upon amalgamating various companies with United Spirits Limited. The Trust has been established for the exclusive benefit of the Company and holds 1,72,95,450 equity shares of ₹ 2/- face value (2023: 1,72,95,450 equity shares of ₹ 2/- face value) of the Company [Refer Note 13(h)]. As per the terms of the aforesaid scheme of arrangement, the Company has carried this investment at the aggregate of book value as per the books of the concerned transferor companies. Also refer Note 33(b) for assets pledged and Note 40(d).

(b) During the prior year, the Company acquired the interest in Nao Spirits & Beverages Private Limited ("Nao Spirits") by investing ₹ 32 crores by subscribing to 8,094 Compulsory Convertible Preference Shares and 4,670 equity shares. During the year, the Company infused additional amount of ₹ 15 crores by subscribing to 6078 compulsorily convertible preference shares. The Company holds 30% (2023: 22.5%) ownership interest on a fully diluted basis (11% of equity ownership interest) as at March 31, 2024. Management has considered Nao Spirits to be an associate since the Company has significant influence over its operating and financing decisions.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

In accordance with the Shareholder's agreement, the Company has a right to purchase all or any of the shares held by promoters, existing investors and other shareholders upon occurrence of earlier of the Nao Spirits achieving the specified sales volume threshold by March 31, 2025. The exercise price of the call option shall be determined in accordance with a formula specified in the Shareholder's Agreement. As at March 31, 2024, the fair value of the said call option has been determined to be immaterial.

4.2 Investments - Current

(i) Debt instruments:

On initial recognition, the debt instruments are measured at fair value. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

- Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.
- Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.
- Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

(ii) Investment in mutual fund:

On initial recognition, these are measured at fair value, and subsequently, carried at fair value through profit and loss.

Particulars	As at March 31, 2024	As at March 31, 2023
Quoted		
Money market funds	499	240
Treasury bills at amortized cost	100	-
Non-convertible debentures	-	16
Total current investments	**599**	**256**
Aggregate amount of quoted investments	599	256
Aggregate market value of quoted investments	599	256

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

5. Loans

	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Loan to UBHL and a related entities [Refer note 40(c)]	-	1,238	-	1,238
Loans to subsidiaries [note 36(c)(iv)]	-	74	92	73
Loans to employees	1	-	2	-
Loan to others	9	-	15	-
	10	**1,312**	**109**	**1,311**
Less: Loss allowance				
Loan to UBHL [Refer note 40(c)]	-	(1,238)	-	(1,238)
Loans to subsidiaries [Note 36(c)(v)]	-	(74)	-	(73)
	-	(1,312)	**-**	**(1,311)**
Total loans	**10**	**-**	**109**	**-**

	As at March 31, 2024	As at March 31, 2023
Details of securities/ categorisation of credit risk on loans		
Loans considered good- secured	9	15
Loans considered good- unsecured	1	94
Loans- credit impaired	1,312	1,311
Total	**1,322**	**1,420**
Less: Loss allowance	(1,312)	(1,311)
Total Loans	**10**	**109**

6. Other financial assets

	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Balances with banks [Refer note below]	-	46	63	82
Receivable from related parties [Refer note 36(c)(i)]	4	-	1	-
Receivable from Tie-up manufacturing units	7	25	71	9
Government grant	16	72	26	72
Security deposits	13	17	23	5
Other receivables	1	14	3	13
	41	**174**	**187**	**181**
Less: Loss allowance				
Receivable from Tie-up manufacturing units	-	(25)	(39)	(9)
Government grant	-	(15)	-	(13)
Security deposits	-	(9)	(10)	-
Other receivables	(1)	(13)	(1)	(13)
	(1)	**(62)**	**(50)**	**(35)**
Total other financial assets	**40**	**112**	**137**	**146**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Notes :

Balances with banks comprise of:

(a) Deposit of ₹ 46 crores (2023: ₹ 46 crores) with a bank in suspense account (Refer Note 40(d)).

(b) Term deposit of Nil (2023: ₹ 34 crores) with a bank kept under escrow pending resolution of various taxation matters in connection with a sale of business undertaking in an earlier year.

(c) Deposit of Nil (2023 : ₹ 63 crores) with a bank kept under escrow subject to fulfilment of certain conditions (Refer Note 48(a)).

(d) Margin money against bank guarantees ₹ 0 crore (2023: ₹ 0 crore).

(e) Represents bank deposits under lien in respect of bank guarantees provided to tax authorities ₹ 0 crores (2023: ₹ 2 crores).

Refer Note 31 for information about financial risk management.

7. Deferred tax assets (net)

	As at March 31, 2024	As at March 31, 2023
Deferred tax assets		
Allowance for doubtful receivable balances	71	61
Expenses allowed on payment basis	86	77
Indexation benefit on land	11	7
Lease liabilities	60	30
Others	24	24
	252	**199**
Deferred tax liabilities		
Difference between carrying amount and tax base of property, plant and equipment, investment property and intangible assets	19	17
Right-of-use assets	56	25
	75	**42**
Total deferred tax assets (net)	**177**	**157**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Movement in deferred tax assets

	Doubtful receivable balances	Expenses allowed on payment basis	Difference between carrying amount and tax base of property, plant and equipment and intangible assets	Indexation benefit on land	Right-of-use assets	Lease liabilities	Others	Total
At April 01, 2022	**59**	**83**	**(31)**	**7**	**3**	**(3)**	**24**	**142**
(Charged) / Credited:								
- to profit and loss	2	(6)	14	-	(28)	33	-	15
- to other comprehensive income	-	0	-	-	-	-	-	0
At March 31, 2023	**61**	**77**	**(17)**	**7**	**(25)**	**30**	**24**	**157**
(Charged) / Credited:								
- to profit and loss	10	8	(2)	4	(31)	30	-	19
- to other comprehensive income	-	1	-	-	-	-	-	1
At March 31, 2024	**71**	**86**	**(19)**	**11**	**(56)**	**60**	**24**	**177**

8. Income tax balances

	As at March 31, 2024	As at March 31, 2023
Current tax liabilities (net of advance tax)	324	283
Current tax assets (Non-current) (net of provision for current tax)	1,348	1,311

Note :

The above amounts include amounts paid under protest of ₹ 1,481 crores (2023: ₹ 1,344 crores) pertaining to various assessment years.

9. Other assets

	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Capital advances				
Considered good (Refer note (b) below)	-	6	-	6
Considered doubtful	-	-	-	-
Balances with government authorities (Refer note (a) below)				
Considered good	120	180	99	201
Considered doubtful	25	18	21	18
Advances to suppliers				
Considered good	73	-	48	-
Considered doubtful	-	84	7	78
Net surplus in gratuity plan [Refer note 38(b)C]	-	30	-	33
Pre-paid expenses	141	-	110	-
	359	**318**	**285**	**336**
Less: Loss allowance	(25)	(102)	(27)	(97)
Total other assets	**334**	**216**	**258**	**239**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Notes:

(a) Balance with government authorities includes:

(i) ₹ 123 crores (2023: ₹ 132 crores) paid under protest in respect of disputed indirect tax matters; and

(ii) ₹ 5 crores (2023: ₹ 2 crores) paid under protest in respect of water charges (refer note 17).

(b) Capital advances considered good includes an amount of ₹ 2 crores (2023: ₹ 2 crores) being advance paid towards purchase of land pursuant to an "agreement to sell" entered by the Company with the owners of the land. This matter is currently litigated at the High Court of Bombay.

10. Inventories

Raw materials and stores and spares, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Excise duty, as applicable, is included in the valuation.

Costs of purchased inventory are determined after deducting rebates and discounts.Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

	As at March 31, 2024	As at March 31, 2023
Raw materials	472	447
[including materials in transit ₹ 82 crores (2023: ₹ 49 crores)]		
Work-in-progress [Refer Note (a) below]	636	602
Finished goods	500	550
[including goods in transit ₹ 56 crores (2023: ₹ 27 crores)]		
Stock-in-trade	266	390
[including goods in transit ₹ 64 crores (2023: ₹ 34 crores)]		
Packing materials	172	226
[including materials in transit ₹ 8 crores (2023: ₹ 7 crores)]		
Stores and spares	17	15
Total inventories	**2,063**	**2,230**

Notes:

(a) Allowance for obsolete inventories (net) for the year amounting to ₹ 67 crores (2023: ₹ 19 crores) has been recognised as an expense during the year and is included in cost of materials consumed and change in inventories of finished goods, work-in-progress and stock-in-trade in the Statement of Profit and Loss.

(b) Inventories include inventory held by tie up manufacturing units amounting to ₹ 82 crores (2023: ₹ 175 crores).

(c) For details of Inventories pledged as security refer note 33.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

11. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflect the Company's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance. For trade receivables and contract assets, the Company applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current*	Current	Non-current
From contracts with customers - related parties [Refer note 36(c)(ii)]	2	-	6	-
From contracts with customers - others	2,933	365	2,498	-
	2,935	**365**	**2,504**	**-**
Less: Loss allowance	(172)	-	(121)	-
Total trade receivables	**2,763**	**365**	**2,383**	**-**
Details of securities/ categorisation of credit risk of trade receivables				
Trade receivables considered good- unsecured	2,935	365	2,504	-
Total	**2,935**	**365**	**2,504**	**-**
Less: Loss allowance	(172)	-	(121)	-
Total trade receivables	**2,763**	**365**	**2,383**	**-**

Notes:

(a) Refer note 31 for information about financial risk management

* Refer note 49 for details.

Trade receivables ageing schedule is set-out below:

		As at March 31, 2024	As at March 31, 2023
a.	**Undisputed-considered good**		
	Unbilled dues	-	-
	Not due	2,307	2,298
	Less than 6 months	523	108
	6 months -1 year	20	24
	1-2 Years	22	19
	2-3 years	8	6
	More than 3 years	22	25
	sub-total	**2,902**	**2,480**
b.	**Disputed - considered good**		

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
Unbilled dues	-	-
Not due	218	-
Less than 6 months	148	1
6 months -1 year	4	2
1-2 Years	7	3
2-3 years	4	4
More than 3 years	17	14
sub-total	**398**	**24**
Less: Loss Allowance	(172)	(121)
Total	**3,128**	**2,383**

12.1 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and balances with banks that are readily convertible to known amounts of cash and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Highly liquid investments also includes overnight and liquid mutual funds which the Company has intention to hold for very short period of time to manage day to day cashflow.

	As at March 31, 2024	As at March 31, 2023
Balances with banks		
In current account	68	70
Term deposits with original maturity of less than three months	397	-
Other cash equivalents		
Overnight and liquid mutual funds	547	-
Cheques on hand	9	11
	1,021	**81**

12.2 Bank balances other than cash and cash equivalents

	As at March 31, 2024	As at March 31, 2023
In unpaid dividend accounts	0	0
In unpaid public deposit accounts [Refer Note (a) below]	0	0
Bank deposits due to mature within 12 months from the reporting date [Refer Note (b) below]	190	768
	191	**768**
Less : Loss Allowance	(3)	-
Total bank balances other than cash and cash equivalents	**188**	**768**

Notes:

a) Includes ₹ 0 crores (2023: Nil) transferred to a separate non-interest bearing escrow account pertaining to unclaimed public deposits which had matured in earlier years and for which duly discharged deposit receipts were not received from deposit holders.

b) Includes ₹ 7 crores (2023 : ₹ 5 crores) being term deposit with banks held under lien.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

13 Equity share capital

	As at March 31, 2024	As at March 31, 2023
Authorised		
2,82,75,00,000 equity shares of ₹ 2/- each (2023: 2,82,75,00,000 equity shares of ₹ 2/- each)	565	565
17,37,00,000 preference shares of ₹ 10/- each (2023: 17,37,00,000 preference shares of ₹ 10/- each)	174	174
	739	**739**
Issued, subscribed and paid-up		
72,73,50,853 equity shares of ₹ 2/- each (2023: 72,73,50,853 equity shares of ₹ 2/- each) fully paid up	145	145
	145	**145**

(a) Reconciliation of the number of shares outstanding

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	72,73,50,853	145	72,66,38,715	145
Add: equity shares issued during the year	-	-	7,12,138	0
Balance at the end of the year	**72,73,50,853**	**145**	**72,73,50,853**	**145**

(b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a face value of ₹ 2/- per share. Each holder of the equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any in proportion to their holdings.

(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

Out of the equity shares issued by the Company, shares held by the holding company are as below:

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Diageo Relay B V (wholly owned subsidiary of Diageo Plc) [Refer note (i) below]	40,64,47,245	81	40,64,47,245	81
	40,64,47,245	**81**	**40,64,47,245**	**81**

(d) The Company has not issued any shares for consideration other than cash during the period of five years immediately preceding the reporting date except for 7,12,138 shares allotted to the shareholders of Pioneer Distilleries Limited (PDL) as a result of amalgamation during the year ended March 31, 2023.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(e) Details of shareholders holding more than 5% shares in the Company.

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Diageo Relay B V (formerly known as Relay BV) [Refer note (i) below]	40,64,47,245	55.88%	40,64,47,245	55.88%

(f) There are no shares reserved for issue under options and contracts / commitments for the sale of shares.

(g) There are no bonus shares issued or bought back during the period of five years immediately preceding the reporting date.

(h) Details of shares in the Company held by subsidiaries, associates or controlled trusts.

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% of Holding	No. of Shares	% of Holding
USL Benefit Trust (Refer Note (4.1(a))	1,72,95,450	2.38%	1,72,95,450	2.38%

(i) On December 20, 2013, the Honorable Karnataka High Court passed an order in the matter involving United Breweries (Holdings) Limited (UBHL) and its creditors and the Diageo Plc. setting aside an earlier leave order which permitted UBHL to sell 1,01,41,437 equity shares of ₹ 10/- each in the Company to Diageo Relay B V (formerly known as Relay BV), pending disposal of the winding up petitions against UBHL. On the above matter, UBHL and Diageo plc. have approached the Honorable Supreme Court by way of special leave petitions (SLPs) challenging the order of the division bench. Pending, disposal of the above SLPs, the Honorable Supreme Court has directed that status quo be maintained in respect of the above mentioned transaction of sale of shares to Diageo Relay B V (formerly known as Relay BV). Such shares are included in arriving at Diageo Relay BV's shareholding in the Company.

(j) Disclosure of shareholding of promoters

Name of promoter	As at March 31, 2024		As at March 31, 2023		% Change during the year
	No. of Shares	% of total Shares	No. of Shares	% of total Shares	
Diageo Relay B V	40,64,47,245	55.88%	40,64,47,245	55.88%	-
United Breweries Holdings Limited	55,55,265	0.76%	55,68,895	0.77%	0.01%
Vijay Mallya	62,550	0.01%	62,550	0.01%	-
Vittal Investments Private Limited	1,56,350	0.02%	1,56,350	0.02%	-
Total	**41,22,21,410**	**56.67%**	**41,22,35,040**	**56.68%**	**0.01%**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

14 Reserves and surplus

	As at March 31, 2024	As at March 31, 2023
Capital reserve	95	95
Capital redemption reserve	72	72
Securities premium account	4,568	4,568
Central subsidy	0	0
Share based incentive reserve	1	1
Contingency reserve	11	11
General reserve	1,103	1,103
Retained earnings	968	(51)
Total reserves and surplus	**6,818**	**5,799**

Nature and purpose of reserves:

a) **Capital reserve:** Created pursuant to a Scheme of Amalgamation between the Company and SW Finance Co. Limited, sanctioned by the Honourable High Court of Karnataka and Honourable High Court of Bombay under the orders dated June 12, 2015 and August 28, 2015, respectively. The balance also includes capital reserve arising on amalgamation of Pioneer Distilleries Limited ("PDL") with the Company wide order of the Honourable National Company Law Tribunal (NCLT) on December 02, 2022.

b) **Capital redemption reserve:** Capital Redemption Reserve is created for an amount equivalent to the nominal value of shares redeemed in earlier years by the Company (including the erstwhile Companies that were merged with the Company through several schemes of amalgamations / mergers).This also included capital redemption reserve upon amalgamation of PDL.

c) **Securities premium account:** Securities premium account is credited when shares are issued at premium. The balance is utilised in accordance with the provisions of the Act.

d) **Central subsidy:** The balance is taken over on amalgamation of Shaw Wallace Distilleries Limited with the Company during the year ended March 31, 2006 as per the terms of the arrangement approved by the Honorable High Courts of Karnataka and Bombay.

e) **Share based incentive reserve:** The share-based incentive reserve is used to recognise grant date fair value of Diageo Plc's share options under Diageo Plc's share-based payment arrangements. Recharges towards under this arrangements are debited to this reserve.

f) **Contingency reserve:** The balance is taken over on amalgamation of McDowell Spirits Limited with the Company during the year ended March 31, 2001 as per the terms of the arrangement approved by the Honorable High Court of Karnataka.

g) **General reserve:** The General reserve is created by way of transfer of profits from retained earnings for appropriation purposes. This reserve is utilised in accordance with the provisions of the Act.

h) **Retained earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

15. Borrowings

	Maturity date	Terms of repayment	Coupon/ interest rate	As at March 31, 2024	As at March 31, 2023
Non-current					
Unsecured					
Sales tax deferment liability	April 21, 2024	Repayable in five equal annual installments (2019-20 to 2024-25)	12% p.a.	0	1
				0	**1**
Less: Current maturities of deferred sales tax liability				0	1
Total non-current borrowings				**-**	**0**
Current					
Current maturities of Deferred Sales Tax Liability				0	1
Total current borrowings				**0**	**1**
Total borrowings				**0**	**1**

Notes:

a) Sales tax collected under deferral scheme of State Government of Maharashtra for 11 years (from 1999-00 to 2009-10) and is repayable in 5 equal annual installments with final installment due in 2024-25.

b) **Net debt reconciliation**

(i) Net debt summary:

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Non-current borrowings	15	-	0
Current borrowings	15	0	1
Lease liabilities	3.2	240	182
Total debt		**240**	**183**
Less: Cash and cash equivalents	12.1	1,021	81
Net debt/(cash)		**(781)**	**102**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(ii) Movements in net debt:

Particulars	Lease liabilities	Sales tax deferment	Working capital loans	(Less) Cash and cash equivalents	Net debt
Balance as on April 1, 2022	**264**	**2**	**339**	**(27)**	**578**
Acquisition- leases (net)	42	-	-	-	42
Net proceeds from / (Repayment of) working capital loans	-	-	(339)	-	(339)
Interest expense (Refer note 27)	16	-	20	-	36
Interest paid	(16)	-	(20)	-	(36)
Principal lease payments	(124)	-	-	-	(124)
Cash outflows / (inflows)	-	(1)	-	(54)	(55)
Net debt as at March 31, 2023	**182**	**1**	**-**	**(81)**	**102**
Acquisition- leases (net)	184	-	-	-	184
Interest expense (Refer note 27)	21	-	-	-	21
Interest paid	(21)	-	-	-	(21)
Principal lease payments	(126)	-	-	-	(126)
Cash outflows / (inflows)	-	(1)	-	(940)	(941)
Net debt as at March 31, 2024	**240**	**0**	**-**	**(1,021)**	**(781)**

16. Other financial liabilities

	As at March 31, 2024	As at March 31, 2023
Current		
Unpaid / unclaimed dividends [Refer Note (a) below]	0	0
Others		
Due to Tie-up manufacturing units	43	60
Capital creditors	20	20
Employee benefits payable	100	143
Other financial liabilities	41	62
Total other current financial liabilities	**204**	**285**

Note:

(a) As at March 31, 2024 no balances are due to be transferred to IEPF (2023: Nil)

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

17. Provisions

	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Employee benefits				
Compensated absences	33	-	37	-
Pension liability [Refer note 38(b)(C)]	0	-	0	1
Share appreciation rights (Refer note 34)	29	15	16	11
Provident fund obligation [Refer note 38(b)(C)]	-	-	6	-
Provision for indirect tax and other legal matters [Refer Note (a) below]	305	-	310	-
Commitment towards "Raising the Bar" programme [Refer Note (b) below]	0	-	2	-
Total provisions	**367**	**15**	**372**	**12**

Notes:

(a) Movement in provisions for indirect taxes and other legal matters

Description	As at April 1, 2023	Additions/ (amounts written back)	Amounts utilised	As at March 31, 2024
Indirect taxes and other legal matters [refer (i) & (ii) below]	310	(5)	0	305

(b) Movement in Commitment towards "Raising the Bar" programme

Description	As at April 1, 2023	Additions/ (amounts written back)	Amounts utilised	As at March 31, 2024
Commitment towards "Raising the Bar" programme	2	-	2	0

Notes :

(i) Provision for indirect tax and other legal matters includes provision for water charges in the State of Maharashtra. The Company has filed petition before the High Court of Bombay, challenging multiple demands raised by Water Resources Department, State of Maharashtra, levying additional water charges and an interim relief against any coercive steps has been received .The Company has received further demands from the said Department levying water charges at a higher rate along with penalties for the period November 2018 to March 2024. Based on a legal opinion obtained, Management has determined that the provision recorded in the books represents probable cash outflows on account of additional water charges. Any further cash outflows in addition to the provision amount on account of this matter are considered remote.

(ii) Provision is made for probable cash outflow arising out of pending or potential indirect tax disputes / litigations. It is not practicable for the Company to estimate the timing of the cash outflows, if any, in respect of the above, pending resolution of respective proceedings. Refer Note 9(a) for payments made under protest in respect of indirect tax and other legal matters.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

18. Trade payables

	As at March 31, 2024	As at March 31, 2023
Dues to Micro and Small enterprises	69	50
Dues to creditors other than Micro and Small enterprises		
Dues to related parties [Refer note 36(c)(iii)]	231	280
Others	1,527	1,408
Total trade payables	**1,827**	**1,738**

Trade payables ageing schedule is set-out below:

		As at March 31, 2024	As at March 31, 2023
(i)	**Undisputed dues - Micro and small enterprieses**		
	Unbilled	6	-
	Not due	51	38
	Less than 1 year	11	11
	1-2 years	0	0
	2-3 years	0	1
	> 3 years	1	0
	sub-total	**69**	**50**
(ii)	**Undisputed dues - Others**		
	Unbilled	852	811
	Not due	556	629
	Less than 1 year	333	203
	1-2 years	7	5
	2-3 years	2	32
	> 3 years	8	8
	sub-total	**1,758**	**1,688**
Total		**1,827**	**1,738**

19. Other current liabilities

	As at March 31, 2024	As at March 31, 2023
Contract liabilities	39	51
Statutory liabilities	408	364
Liability for taxes on closing inventory (net of prepaid taxes)	355	339
Total other current liabilities	**802**	**754**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

20. Revenue from operations

Revenue comprises revenue from contracts with customers for sale of goods and income from brand franchisee royalties receivable. Revenue from sale of goods is inclusive of excise duties, as applicable, and is net of returns, trade allowances, rebates, value added taxes and such amounts collected on behalf of third parties.

Revenue is recognised as and when performance obligations are satisfied by transferring goods or services to the customer, as below:

a. Revenue from sale of products:

Revenue is recognised on transfer of control, being on dispatch of goods or upon delivery to customer, in accordance with the terms of sale.

b. Revenue from manufacture and sale of products from Tie-up manufacturing arrangements:

The Company has entered into arrangements with Tie-up Manufacturing Units (TMUs), where-in TMUs manufacture and sell beverage alcohol on behalf of the Company. Under such arrangements, the Company has exposure to significant risks and rewards in such arrangements i.e. it has the primary responsibility for providing goods to the customer, has pricing latitude and is also exposed to inventory and credit risks. The Company is considered to be a principal in such arrangements with TMUs. Accordingly, the transactions of the TMUs under such arrangements have been recorded as gross revenue, excise duty and expenses as if they were transactions of the Company. The Company presents inventory held by the TMUs under such arrangements as its own inventory. The net receivables from/ payable to TMUs are recognised under other financial assets/ other financial liabilities respectively.

c. Income from brand franchise arrangements:

Revenue in respect of fixed income brand franchise arrangements is recognised proportionately in each period. Income from variable franchise arrangements is recognised based on the terms of the respective contracts upon sale of products by the franchisees.

	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from contracts with customers:		
- Sale of products (includes excise duty)	25,251	27,449
- Income from brand franchise arrangements	76	71
	25,327	**27,520**
Other operating revenue:		
- Scrap sales	51	45
- Miscellaneous	11	13
	62	**58**
Total revenue from operations	**25,389**	**27,578**
Reconciliation between contract price and revenue recognised		
Contract price	26,653	28,834
Less: Items offset against revenue from contracts with customers as required under Ind AS 115	(1,326)	(1,314)
Revenue from sale of products	**25,327**	**27,520**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

	For the year ended March 31, 2024	For the year ended March 31, 2023
Dissaggregation of revenue from contracts with customers		
Categories of products		
Prestige and above	9,345	8,357
Popular	1,113	1,837
Others	172	122
Add: Excise duty collected from customers	14,697	17,204
Total	**25,327**	**27,520**

21. Other income

	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income on term deposits and investments held at amortised cost	39	28
Interest on direct and indirect tax refunds	87	-
Unwinding of interest on government grant	-	2
Interest income from loans to subsidiaries held at amortised cost [Refer Note 36(b)(iv)]	0	4
Dividend income from subsidiary company (carried at cost) [Refer Note 36(b)(xiv)]	125	-
Gain on disposal of property, plant and equipment (net)	13	20
Profit on redemption of mutual fund units	42	17
Fair value gain / (loss) on mutual funds	18	3
Bad debts / advances recovered	4	0
Miscellaneous income	7	0
Total other Income	**335**	**74**

22. Cost of materials consumed

	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw materials	3,262	3,497
Packing materials	1,992	1,840
Total cost of materials consumed	**5,254**	**5,337**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

23. Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening inventory:		
Finished goods	550	824
Work-in-progress	602	607
Stock-in-trade	390	151
Total opening balance (A)	**1,542**	**1,582**
Closing inventory:		
Finished goods	501	550
Work-in-progress	636	602
Stock-in-trade	266	390
Total closing balance (B)	**1,403**	**1,542**
Increase / (decrease) in excise duty on finished goods, net (C)	(20)	(169)
Total changes in inventories of finished goods, work-in-progress and stock-in-trade (A-B+C)	**119**	**(129)**

24. Employee benefits expense

	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	435	522
Contribution to provident and other funds [Refer note 38(a)]	23	10
Defined benefits plans cost [Refer note 38(b)D]	10	16
Share based payment expense (Refer note 34)	37	23
Staff welfare expenses	38	36
Total Employee benefits expense	**543**	**607**

25. Depreciation and amortisation expense

	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation / impairment of property, plant and equipment (Refer note 3.1)	121	130
Depreciation of right-of-use assets (Refer note 3.2)	129	130
Amortisation / impairment of intangible assets (Refer note 3.4)	14	11
Total Depreciation and amortisation expense	**264**	**271**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

26. Other expenses

	For the year ended March 31, 2024	For the year ended March 31, 2023
Consumption of stores and spares	16	16
Sub-contracting charges	83	91
Power and fuel	18	16
Rent (Refer note 3.2)	200	231
Repairs and maintenance:		
- Buildings	4	5
- Plant and machinery	28	35
- Others	34	30
Insurance	14	17
Rates and taxes	146	136
Travel and conveyance	48	50
Legal and professional	135	133
Auditors' remuneration (Refer note below)	6	6
Freight outwards	243	284
Royalty [Refer note 36(b)(viii)]	11	13
Exchange loss (net)	5	-
Remuneration to non-executive directors:		
- Sitting fee	2	1
- Commission	2	2
Allowance for trade receivable and other assets (net)	41	5
Expense towards corporate social responsibility (Refer note 45)	19	19
Information technology and communication expenses	88	83
Sales distribution charges	173	154
Miscellaneous expenses	36	29
Total Other expenses	**1,352**	**1,356**
Note:		
Auditors' remuneration*		
Statutory audit	2	2
Quarterly reviews	1	1
Certifications	0	0
Other assurance related service	3	3
Total payment to auditors	**6**	**6**

* Excluding goods and services tax

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

27. Finance costs

	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on lease liabilities	21	16
Interest expense on borrowings at amortised cost	-	21
Interest others	55	67
Total finance costs	**76**	**104**

28. Exeptional Items (net)

	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Impairment of investment and loan to a subsidiary	-	(13)
(b) Gain on sale of a business undertaking (Refer note 48(a))	31	380
(c) Supply restructuring cost (Refer note 48(b))	(48)	(157)
(d) Voluntary separation scheme	-	(38)
Total exceptional items, net	**(17)**	**171**

29. Reconciliation of tax expense and accounting profit multiplied by India's tax rate

	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before income tax expense	1,686	1,289
Tax at Indian tax rate @ 25.17% (2023: 25.17%)	423	324
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
- Tax deduction for dividend received from subsidiary	(31)	-
- Unrecognised short term capital losses utilised against profit on redemption of mutual funds	(15)	(5)
- Expenses disallowed for tax purpose	8	16
- Profit on sale of business undertaking, which was taxed in the previous year	(8)	-
- Provision / (reversal) of income tax relating to prior years	1	(21)
- Unrecognised long term capital loss utilised against profit on sale of business undertaking	-	(95)
- Impairment provision on land on which deferred tax asset has not been recognised	-	15
- Others	(4)	3
Total	**(49)**	**(87)**
Income tax expense as per Statement of Profit and Loss	**374**	**237**

Notes:

a) Deferred income tax assets have not been recognized on long term and short term capital losses aggregating to ₹ 469 crores (2023: ₹ 527 crores) as it is not probable that long term and short term capital gains would be available in the foreseeable future to offset such losses.

b) Long term Capital losses amounting to ₹ 467 crores, accumulated from prior years, will expire during financial years ending March 31, 2027 to March 31, 2031 and short term capital losses amounting to ₹ 2 crores will expire in financial year ending March 31, 2027.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

30. Earnings per share

	As at March 31, 2024	As at March 31, 2023
Nominal value of equity shares (in ₹)	2/-	2/-
(a) Profits attributed to equity holders of the Company	1,312	1,052
(b) Weighted average number of equity shares used as denominator	72,73,50,853	72,73,50,853
(c) Basic and diluted earnings per share (in ₹)	**18.04**	**14.46**

Notes:

(a) There are no dilutive equity shares in the Company.

(b) In calculating the weighted average number of outstanding equity shares during the year, Company has not reduced the own shares held by USL Benefit Trust (of which Company is the sole beneficiary), as the investment in the said Trust has been accounted as investments under a scheme approved by courts [Refer note (a) of note 4.1].

Note 31: Financial risk management

The Company's activities exposes it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, deposits with banks, mutual fund, trade receivables, loans and other financial assets measured at amortised cost	Ageing analysis and review of receivables and other financial assets	Diversification of bank deposits, review of mutual fund schemes and its underlying exposure, monitoring of credit limits and assessment of recoverability of loans to subsidiaries and other counterparties
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Investment in highly marketable and liquid investments and availability of committed credit lines
Market risk – interest rate	Short-term borrowings at floating rates, deposits with bank and debt mutual funds	Sensitivity analysis of interest rates	Monitoring of changes in interest rates
Market risk – foreign exchange risk	Primarily represented by receivables and payables towards export and imports respectively	Forecast of highly probable foreign currency cash flows	Monitoring of changes in foreign exchange rates
Market risk – price risk	Investment in mutual fund, compulsorily convertible preference shares (CCPS)	Market available information, valuation of future cash flow	Company reviews its investments at regular intervals in order to minimize price risk arising from investments in mutual fund. Company reviews the fair value as at reporting period for investments in CCPS

The Company's financial risk management is carried out by treasury department under policies approved by the Board of Directors ("the Board"). Corporate treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's other functions. The Board sets written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, and investment of excess funds.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

The Company does not have significant exposure to foreign currency fluctuations.

(A) Credit risk

Credit risk management

Trade receivables:

The Company's credit policy provides guidance to keep the risk of credit sales within an acceptable level. The Company's management monitors (at customer group and non-group level) and reviews credit limits, overdue trade receivables, provisioning and write-off of credit impaired receivables.

Trade receivables are unsecured and are derived from revenues earned from two main classes of customers, receivables from sales to government corporations / government owned entities and receivables from sales to private third parties.

Receivables from government corporations / government owned entities amounted to ₹ 1998 crores; 61% (2023: ₹ 1,230 crores; 49%) and receivables from private customers amounted to ₹ 1,302 crores; 39% (2023: ₹ 1,274 crores; 51%) respectively, of total trade receivables, on the reporting date. (Refer note 49).

The Company determines allowances for expected credit losses separately for different categories of customers using aged based provision matrix.

Movement in loss allowances for trade receivables is provided below:

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	121	119
Loss allowance (net)	67	7
Write offs/ adjustments	(16)	(5)
Balance at the end of the year (Refer note 11)	**172**	**121**

Expected credit loss ageing schedule is given below:

Particulars	Rate	As at March 31, 2024	As at March 31, 2023
Not due	2%	61	44
Less than 3 months	5%	29	4
3 months - 6 months	6%	6	1
6 months -1 year	28%	7	7
1-2 Years	75%	21	16
2-3 years	96%	11	10
More than 3 years	100%	37	39
Total		**172**	**121**

Loans and other financial assets:

Other financial assets includes balances with banks, receivable from Tie-up manufacturing units, government grants, security deposits and other receivables. Loans include loans to subsidiaries, employees and others and interest accrued on such loans.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

The Company recognises allowances using expected credit loss method on other financial assets. Such allowances are measured considering either 12-month expected credit loss approach or life time credit loss approach, based on management's assessment of credit risk. Assets are written-off where there is no reasonable expectation of recovery. Where the loans or receivables are written-off the Company continues to engage in enforcement activity to attempt to recover the amounts due. Where recoveries are made, these are recognised in profit or loss.

Movement in loss allowances for financial assets other than for trade receivables during the reporting period is provided below:

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	1,395	1,431
Loss allowance recognised:		
Included in the Statement of Profit and Loss	(28)	(19)
Restatement of loss allowance recognised in earlier years in respect of credit impaired loans to overseas subsidiaries in foreign currency (*)	1	4
Write offs/ adjustments	7	(21)
Balance at the year end (Refer note 5 and 6)	**1,375**	**1,395**

(*) Loans denominated in foreign currency to subsidiaries are credit impaired. Exchange differences arising on restatement of such loans at year-end exchange rates, are offset against an equivalent restatement of loss allowances at year end exchange rates, and hence there is no impact on the statement of profit and loss, on this account.

The Company has credit risk from loans provided to subsidiaries:

- Loans to overseas subsidiaries- These loans are classified as credit impaired and have been fully provided for as these subsidiaries are non-operative and do not have the resources to repay the loans.
- Loans to domestic subsidiary- There are no dues from a domestic subsidiary at March 31, 2024.

Management has assessed credit risk for balances with banks, investments in mutual funds and other financial assets as at year ended March 31, 2024. Basis this assessment management has determined that no provision for expected credit loss is required, other than those already provided in these financial statements.

(B) Liquidity risk

The Company monitors daily and monthly rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. Generally, any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in bank deposits, debt mutual funds and other highly rated corporate debentures to optimise the cash returns on investments guided by the tenets of safety, liquidity and returns.

Financing arrangements

The Company has access to the following undrawn unsecured borrowing facilities as at end of the reporting period:

Particulars	As at March 31, 2024	As at March 31, 2023
Floating rate Cash credit / working capital loans	1,045	1,296

The above facilities may be drawn at any time and such borrowings are repayable on demand.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Maturities of financial liabilities

The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

March 31, 2024

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Lease liabilities	36	29	52	96	36	29	**278**
Trade payables	1,827	-	-	-	-	-	**1,827**
Other financial liabilities	204	-	-	-	-	-	**204**
Borrowings	0	-	-	-	-	-	**0**
Total liabilities	**2,067**	**29**	**52**	**96**	**36**	**29**	**2,309**

March 31, 2023

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Lease liabilities	32	30	49	54	31	6	**202**
Trade payables	1,738	-	-	-	-	-	**1,738**
Other financial liabilities	285	-	-	-	-	-	**285**
Borrowings	-	-	1	0	-	-	**1**
Total liabilities	**2,055**	**30**	**50**	**54**	**31**	**6**	**2,226**

(C) Interest rate risk

Interest rate risk arises due to uncertainties about the future market interest rate on the borrowings or investments. The Company has repaid all the borrowings by the end of the financial year, except for a liability towards sales tax deferral scheme. As the Company doesn't have significant debt as at March 31, 2024, exposure to interest rate risk is not expected to have a significant impact on the Group's profit/ loss.

Further, treasury activities, focused on managing investments in debt instruments, are centralised and administered under a set of approved policies and procedures guided by the tenets of safety, liquidity and returns. This ensures that investments are made within acceptable risk parameters after due evaluation. The Company's investments are predominantly held in term deposits, mutual funds and treasury bills.

The Company invests in debt mutual fund schemes of leading fund houses. Such investments are susceptible to market price risks that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

In addition to debt mutual funds, the Company invests in term deposits with banks. The term deposits carry a fixed-coupon rate and are for a term not exceeding 12-months from the Balance Sheet date. Accordingly, interest rate risks is not significant. Further, such deposits are carried at amortised cost. Accordingly, exposure to interest rate risk is not considered material.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(D) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions and balances, primarily with respect to the USD and GBP. Foreign Exchange risk arises from future commercial transactions and monetary assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The risk is measured through a forecast of highly probable foreign currency cash flows.

Foreign currency risk management

The Company's risk management policy is to assess the Company's net exposures which is mainly represented by receivables and payables towards exports and imports respectively, and partly represented by the loans extended in foreign currencies.

The Company can hedge its net exposures with a view on forex outlook. Since the net exposure is currently not material, foreign currency risk has not been hedged.

Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ crores is as follows:

	As at March 31, 2024				
	USD	GBP	EURO	SGD	Total
Financial assets					
Cash and cash equivalents	0	0	0	0	0
Other financial assets	0	0	0	-	0
Trade receivables	24	-	-	-	24
Exposure to foreign currency risk (assets)	**24**	**0**	**0**	**-**	**24**
Financial liabilities					
Trade payables	5	8	0	1	14
Other financial liabilities	-	-	-	-	-
Exposure to foreign currency risk (liabilities)	5	8	0	1	14
Net exposure (Assets/liabilities)	**19**	**(8)**	**(0)**	**(1)**	**10**

	As at March 31, 2023				
	USD	GBP	EURO	SGD	Total
Financial assets					
Cash and cash equivalents	-	-	-	-	
Other financial assets	1	-	0	-	**1**
Trade receivables	22	-	-	-	**22**
Exposure to foreign currency risk (assets)	**23**	**-**	**0**	**-**	**23**
Financial liabilities					
Trade payables	1	8	-	1	**10**
Other financial liabilities	1	-	-	-	**1**
Exposure to foreign currency risk (liabilities)	**2**	**8**	**-**	**1**	**11**
Net exposure (Assets/liabilities)	**21**	**(8)**	**0**	**(1)**	**12**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Notes:

a) A reasonable possible fluctuation in foreign exchange rates are not expected to have a material effect on the profit/ loss.

b) Loans given to overseas subsidiaries, denominated in foreign currency are fully provided for and hence they do not carry any residual foreign currency risk.

(E) Price risk

a) **Mutual funds:** Company reviews its investments at regular intervals in order to minimize price risk arising from investments in mutual funds. In accordance with the investment policy the Company invests in the liquid, overnight and money market mutual fund schemes which are not subject to significant changes in values.

b) **Compulsorily convertible preference shares (CCPS):** The Company measures CCPS at FVPL. The fair value of the CCPS has been determined using the discounted cashflow model. The significant inputs used in discounted cashflow model are the growth rates and the discount rate. The fair value gain on CCPS for the year ended March 31, 2024 is not material.

Note 32: Capital management

a. Risk management

The Company's objectives when managing capital is to:

a) have a balanced financial profile from short term (1 year) to mid-term (3 years) for sustainable leverage, providing;

- Headroom for future growth / expansion
- Financial flexibility in case of adverse business cycles

b) ensure the capital structure is at competitive advantage when compared to peers and other sector players through:

- Diversification of funding sources to manage liquidity and rollover risk
- Financial flexibility in case of adverse business cycles

Net debt to equity ratio:

Particulars		As at March 31, 2024	As at March 31, 2023
Total debt	(a)	240	183
Cash and cash equivalents	(b)	1,021	81
Net debt	(c) = (a) - (b)	(781)	102
Total equity	(d)	6,963	5,944
Net debt to equity ratio	**(c) / (d)**	**NA**	**0**

The Company has no external borrowings.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

b. Dividends

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
(i)	**Equity Shares**		
	Interim dividend of ₹ 4 (2023 - ₹ Nil) per fully paid share	291	-
(ii)	**Dividends not recognised at the end of the reporting period**		
In addition to the above dividends, subsequent to the year end the board of directors have recommended the payment of a final dividend of ₹ 5 per fully paid equity share (2023: Nil). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		364	-

Note 33: Assets pledged as security

(a) In respect of secured loans from banks ('lenders') obtained and repaid during earlier years, the Company has in most cases obtained no objection letters from lenders for the release of the hypothecation / mortgage and have filed the necessary forms with Ministry of Corporate Affairs ("MCA") to reflect the release of such charge in MCA's records. In the few remaining cases, the Company is in the process of securing no objection letters from the lenders. As there are no secured loans outstanding as at March 31, 2024, no assets have been shown as hypothecated / mortgaged as at March 31, 2024.

(b) Further the following assets have been pledged with a bank with whom the Company is involved in a litigation [Refer Note 40(d)].

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
First charge			
Freehold land	3.1 & 3.6	118	118
Buildings	3.1 & 3.6	14	15
Leasehold land	3.1 & 3.6	4	4
Plant and equipment	3.1	0	0
Investments as a sole beneficiary in USL Benefit Trust	4.1	120	120
Total assets pledged as security		**256**	**257**

(c) Inventory aggregating to Nil (2023: ₹ 1 crores) are in the custody of third-party tie-up manufacturing units (TMUs), which have been hypothecated by the said TMUs for securing credit facilities.

Note 34: Share based payments

Diageo Plc. share based plans

Diageo Plc. (Ultimate holding company) runs various equity settled share based plans such as Diageo Performance Incentive (DPI), Diageo Executive Long Term Incentive Plan (DELTIP), Performance Share Plan (PSP), Senior Executive Share Option Plan (SESOP) and Diageo Exceptional Stock Award Plan (DESAP) for qualifying employees of the Group. Vesting under these plans is subject to conditions such as continuity of employment and achievement of certain other performance factors.

The charge for the year in respect of such plans included in employee benefits expense amounted to ₹ 4 crores (2023: ₹ 7 crores).

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Share appreciation rights (SAR)

The India SAR Plan creates an opportunity to link the employees' reward to Company's share price performance. Under this plan, Company grants stock appreciation rights (based on USL share price on the date of grant) to qualifying employees. Cash pay-out equivalent to the value of the Company's share will be made at the end of three years from the date of grant (the vesting period).

Grant Year	No. of units outstanding as at March 31, 2024	Average Vesting Period	Range of the expected settlement price (₹ per unit)
FY 21-22	2,50,007		1,134 to 1,158
FY 22-23	1,83,744	3 years	1,134 to 1,154
FY 23-24	1,64,970		1,134 to 1,370

The fair value of the SARs is determined using the Black-Scholes model using the following inputs at the grant dates and as at each reporting date:

Particulars	As at March 31, 2024	As at March 31, 2023
Expected volatility (%)	26.74%	29.70%
Risk-free interest rate (%)	7.16%	7.29%

As at March 31, 2024 outstanding SARs are 5,98,721 (2023: 7,12,276). Refer below for movement in provision for SAR:

Particulars	Notes	Amount
Provision as at April 1, 2022		**21**
Charge for the year	24	16
Payout during the year		(10)
Provision as at March 31, 2023	17	**27**
Charge for the year	24	33
Payout during the year		(16)
Provision as at March 31, 2024	17	**44**

Provision as at the year-end classified as:

Particulars	As at March 31, 2024	As at March 31, 2023
Current	29	16
Non-current	15	11
Total	**44**	**27**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 35: Financial Instruments:

Financial instrument by category:

Particulars	As at March 31, 2024			
	Amortized cost	Fair value through Profit and Loss	Fair value through other comprehensive income	Total
Financial assets:				
Investments (Refer note 4.1(b))	-	37	-	37
Liquid mutual fund units (Refer note 4.2)	-	499	-	499
Treasury bills (Refer note 4.2)	100	-	-	100
Non-convertible debentures (Refer note 4.2)	-	-	-	-
Loans (Refer note 5)	10	-	-	10
Other financial assets (Refer note 6)	152	-	-	152
Trade receivables (Refer note 11)	3,128	-	-	3,128
Cash and cash equivalents (Refer note 12.1)	474	547	-	1,021
Bank balance other than cash and cash equivalents (Refer note 12.2)	188	-	-	188
Total	**4,052**	**1,083**	**-**	**5,135**
Financial liabilities:				
Borrowings (Refer note 15)	0	-	-	0
Other financial liabilities (Refer note 16)	204	-	-	204
Trade payables (Refer note 18)	1,827	-	-	1,827
Total	**2,031**	**-**	**-**	**2,031**

Particulars	As at March 31, 2023			
	Amortized cost	Fair value through Profit and Loss	Fair value through other comprehensive income	Total
Financial assets:				
Mutual fund units (Refer note 4.2)	-	240	-	240
Non-convertible debentures (Refer note 4.2)	16	-	-	16
Loans (Refer note 5)	109	-	-	109
Other financial assets (Refer note 6)	283	-	-	283
Trade receivables (Refer note 11)	2,383	-	-	2,383
Cash and cash equivalents (Refer note 12.1)	81	-	-	81
Bank balance other than cash and cash equivalents (Refer note 12.2)	768	-	-	768
Total	**3,640**	**240**	**-**	**3,880**
Financial liabilities:				
Borrowings (Refer note 15)	1	-	-	1
Other financial liabilities (Refer note 16)	285	-	-	285
Trade payables (Refer note 18)	1,738	-	-	1,738
Total	**2,024**	**-**	**-**	**2,024**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Fair value hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value of investment in mutual funds are classified as Level 1 and fair value of all other financial instruments including investments in CCPS issued by Nao Spirits & Beverages are classified as Level 3.

Management has determined their carrying amounts of current financial assets i.e., trade receivables, current loans, bank deposits, cash and cash-equivalents, receivable from TMUs, trade payables and other financial liabilities (excluding lease liabilities) to be a fair approximation of their fair values on account of the short term natures.

Management has determined that the fair values of other non current financial assets i.e., government grants, receivable from TMUs, security deposits and other receivables are not materially different from their carrying amounts as at March 31, 2024.

Note 36: Related party disclosures

(a) Names of related parties and description of relationship

(i) **Parent entities**

- Diageo plc United Kingdom (Ultimate Holding Company)
- Tanqueray Gordon & Company Ltd., United Kingdom (Holding Company of Diageo Relay B V)
- Diageo Relay B V, Netherlands (Holding Company)

(ii) Subsidiaries

Sl. No.	Name of the subsidiary	% of ownership interest	Country of incorporation
a.	**Indian Subsidiaries**		
(i)	Royal Challengers Sports Private Limited	100	India
(ii)	Sovereign Distilleries Limited (up to January 24, 2023)	100	India
b.	**Overseas Subsidiaries**		
(i)	Asian Opportunities and Investments Limited	100	Mauritius
(ii)	McDowell & Co. (Scotland) Limited	100	Scotland, U.K.
(iii)	Palmer Investment Group Limited	100	British Virgin Islands
(iv)	Shaw Wallace Overseas Limited	100	U.K.
(v)	United Spirits (Great Britain) Limited	100	U.K.
(vi)	United Spirits (Shanghai) Trading Company Limited (up to January 12, 2023)	100	China
(vii)	United Spirits (UK) Limited	100	U.K.
(viii)	United Spirits Singapore Pte Ltd (up to November 4, 2022)	100	Singapore
(ix)	USL Holdings (UK) Limited	100	U.K.
(x)	USL Holdings Limited	100	British Virgin Islands

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

iii) Other entity where there is control

- USL Benefit Trust, India

iv) Associate

Sr. No.	Name of the associate	% of ownership interest	Country of incorporation
(i)	Nao Spirits & Beverages Private Limited [w.e.f. April 29, 2022 referto note 4.1]	11	India

(v) Fellow subsidiaries (with whom transactions have taken place during the year or in the previous year)

- Diageo Scotland Limited
- Diageo Brands B.V.
- Diageo Great Britain Limited
- Diageo North America Inc.
- Diageo Singapore Supply Pte. Ltd.
- Guinness Nigeria Plc
- Diageo Ireland
- Diageo Business Services India Private Limited
- UDV Kenya Limited
- Diageo Mexico
- Diageo America Supply Inc.

(vi) Employees' Benefit Plans:

- McDowell & Company Limited Staff Gratuity Fund
- McDowell & Company Limited Officers' Gratuity Fund
- McDowell & Company Limited Employees Provident Fund(*)
- Phipson & Company Limited Management Staff Gratuity Fund
- Phipson & Company Limited Gratuity Fund
- Carew & Company Ltd. Gratuity Fund
- United Spirits Superannuation Fund
- UB Group Employee Benefit Trust
- Shaw Wallace Employee Welfare Trust
- Pioneer Distilleries Employees Gratuity Trust

(*) The Company was operating a defined benefit provident fund plan through its own Trust for all permanent employees. During the year, the Company has transferred its Provident fund obligation from the Trust to Employee Provident Fund Organization (EPFO) after necessary approval from EPFO. The Company is in process of liquidating the Trust. [Refer note 38(b)].

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(vii) Key management personnel

a. Whole-time directors

- Hina Nagarajan (Managing Director and Chief Executive Officer)
- Pradeep Jain (Chief Financial officer and Executive Director) w.e.f. February 1, 2023

b. Non-executive/ Independent directors

- Mahendra Kumar Sharma – Chairman
- V K Viswanathan
- Dr. Indu Shahani
- D Sivanandhan
- Rajeev Gupta
- Mark Sandys
- John Thomas Kennedy (till 30th June, 2023)
- Randall Ingber (till January 31, 2023)
- Emily Kathryn Gibson (w.e.f. September 7, 2023)
- Mukesh Butani (w.e.f. March 1, 2024)
- Indu Bhushan (w.e.f. March 1, 2024)
- Mamta Sundara (w.e.f. February 1, 2023)

Note 36(b): Summary of the transactions with related parties

Name of the related party	Relationship	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Investment in associate	Associate		
Nao Spirits & Beverages Private Limited			
- Equity shares carried at cost		-	12
- Compulsory convertible preference shares carried at fair value through profit and loss		15	20
Total- Investment in associate		**15**	**32**
(ii) Sale of products (including excise duty) to			
UDV Kenya Limited	Fellow subsidiary	1	0
Total- Sale of products		**1**	**0**
(iii) Royalty and brand franchise income			
Guinness Nigeria Plc.	Fellow subsidiary	-	1
UDV Kenya Ltd	Fellow subsidiary	0	-
Total- Royalty and brand franchise income		**0**	**1**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Name of the related party		Relationship	For the year ended March 31, 2024	For the year ended March 31, 2023
(iv)	**Interest income on loans given to**			
	Royal Challengers Sports Private Limited	Subsidiary	0	4
	Sovereign Distilleries Limited (Including earlier years)	Subsidiary	-	0
Total - Interest income from subsidiaries (Refer note 21)			**0**	**4**
(v)	**Reimbursement of expenses from**			
	Diageo plc	Parent	5	4
	Royal Challengers Sports Private Limited	Subsidiary	4	3
	Diageo Great Britain Limited	Fellow subsidiary	1	-
	Diageo Brands BV	Fellow subsidiary	1	-
	Diageo Scotland Limited	Fellow subsidiary	2	0
	Diageo North America Inc.	Fellow subsidiary	-	0
	Diageo Business Services India Private Limited	Fellow subsidiary	-	1
	Diageo Mexico	Fellow subsidiary	1	-
	Diageo America Supply Inc.	Fellow subsidiary	0	-
Total - Reimbursement of expenses received			**14**	**8**
(vi)	**Purchase of stock-in-trade from**			
	Diageo Brands BV	Fellow subsidiary	422	616
	Diageo Ireland	Fellow subsidiary	-	2
Total- Purchase of stock-in-trade			**422**	**618**
(vii)	**Purchase of raw materials from**			
	Diageo Brands BV	Fellow subsidiary	421	371
Total- Purchase of materials			**421**	**371**
(viii)	**Royalty expense**			
	Diageo North America Inc.*	Fellow subsidiary	9	10
Total- Royalty expense (Refer note 26)			**9**	**10**
(ix)	**Professional charges**			
	Diageo Business Services India Private Limited	Fellow subsidiary	17	16
Total- Professional charges			**17**	**16**
(x)	**Cross charge towards share based payments**			
	Diageo Great Britain Limited	Fellow subsidiary	4	6
Total- Cross charge			**4**	**6**
(xi)	**Other services received**			
	Advertisement and sales promotion expenses			
	Royal Challengers Sports Private Limited	Subsidiary	7	8
	Information technology expenses			
	Diageo Great Britain Limited	Fellow subsidiary	28	24
	Diageo Business Services India Private Limited	Fellow subsidiary	1	6
Total- Other services received			**36**	**38**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Name of the related party	Relationship	For the year ended March 31, 2024	For the year ended March 31, 2023
(xii) Reimbursement of expenses paid to			
Diageo Great Britain Limited	Fellow subsidiary	3	-
Diageo Scotland Limited	Fellow subsidiary	1	-
Diageo Business Services India Private Limited	Fellow subsidiary	-	0
Diageo North America Inc	Fellow subsidiary	1	-
Royal Challengers Sports Private Limited	Subsidiary	2	-
Total- reimbursement of expenses paid		**7**	**0**
(xiii) Dividend paid to			
Diageo Relay B V	Holding Company	163	-
USL Benefit Trust	Benefit Trust	7	-
Total- Dividend paid		**170**	**-**
(xiv) Dividend received from			
Royal Challengers Sports Private Limited	Subsidiary	125	-
Total- Dividend received		**125**	**-**
(xv) Loans given to			
Sovereign Distilleries Limited	Subsidiary	-	2
Royal Challengers Sports Private Limited	Subsidiary	29	324
Total- Loans given		**29**	**326**
(xvi) Loans repaid by			
Royal Challengers Sports Private Limited	Subsidiary	121	359
Total- Loans repaid		**121**	**359**
(xvii) Loans/ interest written-off			
Sovereign Distilleries Limited	Subsidiary	-	3
Total - Loans/ interest written-off		**-**	**3**
(xviii) Corporate guarantee given			
Royal Challengers Sports Private Limited	Subsidiary	-	90
Total Corporate guarantee given		**-**	**90**
(xix) Corporate guarantee revoked			
Royal Challengers Sports Private Limited	Subsidiary	-	90
Total Corporate guarantee revoked		**-**	**90**
(xx) Contribution to employee benefit plans			
McDowell & Company Limited Employees Provident Fund	Employee benefits plan	16	14
United Spirits Superannuation Fund	Employee benefits plan	2	2
Total- Contribution to employee benefit plans		**18**	**16**

* Royalty expense excludes Goods and Services Tax

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 36(c): Summary of closing balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Name of the related party	Relationship	As at March 31, 2024	As at March 31, 2023
(i) Financial assets receivable			
Royal Challengers Sports Private Limited	Subsidiary	2	1
Diageo Scotland Limited	Fellow subsidiary	0	0
Diageo Great Britain Limited	Fellow subsidiary	1	-
Total- Financial assets receivable (Refer note 6)		**4**	**1**
(ii) Trade receivables from			
UDV Kenya Ltd	Fellow subsidiary	0	-
Guinness Nigeria Plc.	Fellow subsidiary	2	6
Total- Trade receivables (Refer note 11)		**2**	**6**
(iii) Trade payables to			
Diageo Brands BV	Fellow subsidiary	208	245
Royal Challengers Sports Private Limited	Subsidiary	3	5
Diageo Great Britain Limited	Fellow subsidiary	9	4
Diageo North America Inc.	Fellow subsidiary	5	9
Diageo Scotland Limited	Fellow subsidiary	1	2
Diageo Singapore Supply Pte Limited	Fellow subsidiary	-	0
Diageo Business Services India Private Limited	Fellow subsidiary	5	14
Diageo Ireland	Fellow subsidiary	-	1
Total trade payables to related parties (Refer note 18)		**231**	**280**
(iv) Loans (including interest) outstanding from principal			
Royal Challengers Sports Private Limited	Subsidiary	-	92
Asian Opportunities & Investments Limited	Subsidiary	59	59
USL Holdings (UK) Limited	Subsidiary	15	14
Total - Loans outstanding (Refer note 5)		**74**	**165**
(v) Allowance on loans at year end			
Principal			
Asian Opportunities & Investments Limited	Subsidiary	59	59
USL Holdings (UK) Limited	Subsidiary	15	14
Total Allowance on loans (Refer note 5)		**74**	**73**
(vi) Minimum offtake commitment for purchase of bulk scotch			
Diageo Scotland Limited	Fellow subsidiary	123	410

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 36(d): Key management personnel and compensation

Executive directors	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Hina Nagarajan	Pradeep Jain	Hina Nagarajan	Pradeep Jain (*)
Remuneration (**)	10	4	10	0
Employee share-based payments (***)	4	0	2	-
Total compensation	**14**	**4**	**12**	**0**

(*) For Pradeep Jain, remuneration has been included w.e.f. February 1, 2023.

(**) The employee benefits obligations such as gratuity, compensated absences and bonuses are provided for the Company as a whole, the amounts pertaining to individual Key Management Personnel are included on payment basis and not on accrual basis.

(***) Based on options exercised.

Non-executive/ Independent directors	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Sitting fee	Commission	Sitting fee	Commission
Mr. Mahendra Kumar Sharma	0	1	0	0
Mr. V K Viswanathan (*)	0	0	0	0
Dr. Indu Shahani (*)	0	0	0	0
Mr. D Sivanandhan (*)	0	0	0	0
Mr. Rajeev Gupta (*)	0	0	0	0
Dr. Indu Bhushan (*)	-	0	-	-
Mr. Mukesh Butani (*)	-	0	-	-
Total	**0**	**2**	**0**	**2**

(*) Individually sitting fees and commission paid to the directors is lesser than ₹ 50 lakhs. Sitting fees and commission paid to the directors above has been aggregated and disclosed against the total in the table above.

Note 36 (e): General terms and conditions for transactions with related parties

Transactions with related parties are carried out in the normal course of business and are generally on normal commercial terms.

All loans to subsidiaries are unsecured. For tenure of the loans and interest rate, refer note 46(b).

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 37: Offsetting of financial assets and financial liabilities

The Company provides volume-based incentives and rebates to certain customers. Amounts payable by Company are offset against receivables from such customers and only the net amounts are settled. The relevant amounts have therefore been presented net in the balance sheet. Details of such offset is given in the below table.

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivable - current	2,995	2,544
Trade receivable - non current	365	-
Trade receivables (gross)	**3,360**	**2,544**
Less: Volume based incentives and rebates payable	(60)	(40)
Trade receivables as reported (Refer note 11)	**3,300**	**2,504**

Note 38(a): Defined contribution plans

Provident Fund:

Provident Fund covers all eligible employees of the Company. Both the employees and the Company make monthly contributions to the Provident Fund as per regulations to a fund administered by government authority, equal to a specified percentage of the employees' salary. The obligation of the Company is limited to the extent of contributions made on a monthly basis.

Employee Pension Scheme:

Employee Pension Scheme covers all eligible employees of the Company. A portion of the Company's contribution in respect of government administered Provident Fund and Company administered Provident Fund Plan is made to the government administered Employee Pension Scheme, as per regulations. The obligation of the Company is limited to the extent of contributions made on a monthly basis.

Employees' State Insurance:

Employees' State Insurance is a state plan which is applicable to those employees of the Company whose salaries do not exceed a specified amount. The contributions are made based on a percentage of salary to a fund administered by government authority. The obligation of the Company is limited to the extent of contributions made on a monthly basis.

Superannuation Fund:

Certain executive staff of the Company participate in United Spirits Superannuation Fund (the 'Fund'), which is a voluntary contribution plan. The Company has no further obligations to the plan beyond its monthly contributions to the Fund, the corpus of which is administered by a Trust and is invested in insurance products.

National Pension Scheme:

Certain executive staff of the Company participate in National Pension Scheme, which is a voluntary contribution plan. The Company has no further obligations to the plan beyond its monthly contributions to a fund administered by a pension fund manager appointed by Pension Fund Regulatory and Development Authority.

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss, which are included in contribution to provident and other funds under the employee benefits expense in note 24:

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Provident fund*	17	3
Employees' pension scheme	4	4
Employees' state insurance	0	0
Superannuation fund	1	2
National pension scheme	1	1
Total (Refer note 24)	**23**	**10**

*Excludes contributions to Provident Fund Trust which are in the nature of defined benefit plans managed by the Company.

Note 38(b): Defined benefit plans

Gratuity:

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan"), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment or upon resignation from service, of an amount based on the respective employee's last drawn salary and years of employment with the Company. Vesting occurs only upon completion of five years of service, except in case of death or permanent disability. The funds are managed by a trust administered by the Company.

Pension plan:

The Company operates an unfunded defined benefit pension plan for certain retired employees of an erstwhile entity which has merged into the Company in earlier years. This plan provides benefits to members in the form of a guaranteed level of pension payable for life post retirement or termination of employment. The level of benefits provided depends on their salary in the final year leading up to retirement, or termination.

Provident fund plan:

The executive staff and certain permanent workmen received benefits from the provident fund plan, which was operating as a defined benefit plan until part of the current year. Both the employees and the Company made monthly contributions to such provident fund plan equal to a specified percentage of the employee's salary. A portion of Company's contribution is transferred to Employee Pension Scheme, which is a defined contribution plan and the remaining amount is transferred to provident fund plan. The defined plan was discontinued during the year and the balance contribution was transferred to Employees Provident Fund Organisation(EPFO).

The defined benefit provident fund contributions were made to McDowell & Company Limited Employees Provident Fund Trust which was set up and managed by the Company. The Trust invested in specific designated instruments as permitted by Indian laws. The Company had an obligation to make good the shortfall if any, being the difference between the statutory rate prescribed by the Government and the rate of interest declared by the Trust. The Company also had an obligation to fund any shortfall in the fair value of plan assets as compared with the defined benefit obligation. The actuarial risk and investment risk fall, in substance, on the Company. During the current year, the Company has transferred its' obligation for provident fund from the trust to Employees Provident Fund Organisation (EPFO). Accordingly, the Provident fund plan has subsequently been accounted as a defined contribution plan.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Gratuity, Provident Fund and Pension

A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO):

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023		
	Gratuity	Provident fund	Pension	Gratuity	Provident fund	Pension
	(Funded)	(Funded)	(Unfunded)	(Funded)	(Funded)	(Unfunded)
Obligation at the beginning of the year	106	311	1	121	348	1
Current service cost	10	3	-	11	14	-
Past service cost	-	-	-	2	-	-
(Gain)/loss on settlements	-	-	-	(9)	-	-
Interest cost	7	8	-	8	25	0
Benefit payments from plan assets	(12)	(35)	-	(19)	(113)	-
Transfer in/Out	-	7	-	-	17	-
Employee contributions	-	5	-	-	19	-
Benefit payments from the Company	-	-	(1)	-	-	(0)
Transfer upon sale of business undertaking (Refer note 48(a))	-		-	(4)	-	-
Actuarial (gain)/ loss from changes in demographic assumptions	(4)	-	-	(1)	-	-
Actuarial (gain)/ loss from changes in financial assumptions	1	-	-	(2)	0	(0)
Actuarial (gain)/ loss from experience adjustments	(1)	(0)	-	(1)	1	(0)
Transferred to EPFO	-	(299)	-	-	-	-
Obligation at the end of the year	**107**	**-**	**0**	**106**	**311**	**1**

B. Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Gratuity	Provident fund	Gratuity	Provident fund
	(Funded)	(Funded)	(Funded)	(Funded)
Plan assets at the beginning of the year	140	305	153	340
Employee contributions	-	5	-	19
Transfer in/ (out)	-	7	-	17
Contribution by the Company	-	3	-	14
Return on plan assets	10	8	11	25
Actuarial gains/ (losses)	(0)	(11)	(19)	3
Benefits paid	(13)	(35)	(5)	(113)
Transferred to EPFO	-	(282)	-	-
Plan assets at the end of the year	**137**	**-**	**140**	**305**

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

C. **Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the Balance sheet at the end of the year:**

Particulars	As at March 31, 2024			As at March 31, 2023		
	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)
Present value of obligation	107	-	0	107	311	1
Fair value of plan assets	137	-	-	140	305	-
Liability/ (asset) recognised in Balance sheet (Refer notes 9 and 17)	**(30)**	**-**	**0**	**(33)**	**6**	**1**
Current	-	-	0	-	6	0
Non-current	(30)	-		(33)	-	-

D. **Expenses recognised in the Statement of Profit and Loss:**

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Total	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Total
Current service cost	10	3	-	**13**	11	14	-	**25**
Past service cost	-	-	-	**-**	2	-	-	**2**
(Gain)/loss on settlement	-	-	-	**-**	(8)	-	-	**(8)**
Net interest cost		3	-	**3**	-	-	-	**-**
a. Interest expense on DBO	7	8	-	**15**	8	25	0	**33**
b. Interest (income) on plan assets	(10)	(8)	-	**(18)**	(11)	(25)	-	**(36)**
Total net interest cost (a+b)	(3)	-	-	**(3)**	(3)	-	0	**(3)**
Defined benefit cost (Refer note 24)	**7**	**3**	**-**	**10**	**2**	**14**	**0**	**16**

E. **Re-measurement effects recognised in other comprehensive income (OCI):**

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Total	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Total
a. Actuarial (gain)/ loss due to demographic assumptions changes in DBO	(4)	-	-	**(4)**	(1)	-	-	**(1)**
b. Actuarial (gain)/ loss due to financial assumptions changes in DBO	1	-	-	**1**	(2)	0	-	**(2)**
c. Actuarial (gain)/ loss due to experience on DBO	(1)	(0)	-	**(1)**	(2)	1	-	**(0)**
d. Return on plan assets (greater)/ less than discount rate	0	7	-	**7**	5	(2)	-	**4**
e. Movement in asset ceiling (gain)/ loss	-	-	-	**-**	-	-	-	**-**
Total actuarial (gain)/ loss included in OCI	**(4)**	**7**	**-**	**3**	**1**	**(0)**	**-**	**1**

* The actuarial loss has been recorded after netting off the provision.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

F. Total cost recognised in comprehensive income:

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Gratuity	Provident fund	Pension	Total	Gratuity	Provident fund	Pension	Total
	(Funded)	(Funded)	(Unfunded)		(Funded)	(Funded)	(Unfunded)	
Expense recognised in Profit and Loss (Refer Note 24)	7	3	-	10	2	14	0	16
Remeasurements effects recognised in OCI	(4)	7	-	3	1	-	-	1
Total cost recognised in Comprehensive Income	**3**	**10**	**-**	**13**	**3**	**14**	**0**	**16**

G. Investment details of plan assets:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Gratuity	Provident fund	Gratuity	Provident fund
Government securities	-	-	-	74%
Private sector bonds	-	-	-	7%
Public sector / financial institutional bonds	-	-	-	3%
Special deposit scheme	-	-	-	4%
Pooled assets with an insurance company	100%	-	100%	-
Others (including bank balances)	0%	-	0%	12%
	100%		100%	100%

H. Assumptions:

Particulars	As at March 31, 2024			As at March 31, 2023		
	Gratuity	Provident fund	Pension	Gratuity	Provident fund	Pension
	(Funded)	(Funded)	(Unfunded)	(Funded)	(Funded)	(Unfunded)
Discount rate (per annum)	7.21%	NA	NA	7.32%	7.39%	7.32%
Rate of increase in compensation levels	10%	NA	NA	10%	10%	NA
Attrition rate	10% - 15%	NA	NA	5% - 12%	5% - 12%	NA
Mortality rates	IALM* (2012-14) Ultimate table	NA	IALM* (2012-14) Ultimate table	IALM* (2012-14) Ultimate table	IALM* (2012-14) Ultimate table	IALM* (2012-14) Ultimate table

*IALM: Indian Assured Lives Mortality

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 38(c): Sensitivity analysis:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is provided below:

Gratuity:

Particulars	Changes in assumptions		(Decrease)/ Increase in defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Discount rate	1%	1%	(4)	(5)	5	6
Compensation levels	1%	1%	4	6	(4)	(5)

Provident Fund:

Particulars	Changes in assumptions		(Decrease)/ Increase in defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Discount rate	NA	1%	NA	(5)	NA	11
Compensation levels	NA	1%	NA	10	NA	(5)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Note 38(d): Risk exposure:

Through its defined benefit plans, Company is exposed to number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to yields of government securities; if plan assets underperform this yield, this will create a deficit. Plan asset investments for gratuity are made in pre-defined insurance plans. These are subject to risk of default and interest rate risk. The fund manages credit risk/ interest rate risk through continuous monitoring to minimise risk to an acceptable level.
Inflation risk	In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.
Life expectancy	The pension plan provides benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of government and public sector bonds, although the Company also invests in private sector bonds, special deposit schemes and bank balances. The plan asset mix is in compliance with the requirements of the respective regulations.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 38(e): Effect of the defined benefit plan on the entity's future cash flows

The Company does not expect to contribute any amounts into the gratuity plan assets during the year ending March 31, 2025, considering the net surplus portion as at March 31, 2024. The Company will not contribute any amount (2024: ₹ 15 crore) to defined benefit plan for provident fund as the obligations are transferred to EPFO. Subsequently the Company will directly contribute monthly obligation to EPFO.

The weighted average duration of the defined benefit obligation is 4.62 years (2023: 5.67 years). The expected maturity analysis of undiscounted provident fund and gratuity is as follows:

March 31, 2024	Less than a year	Between 1-2 years	Between 2- 5 years	Over 5 years	Total
Gratuity	27	21	32	78	**158**
Provident fund	NA	NA	NA	NA	**NA**
Total	**27**	**21**	**32**	**78**	**158**

March 31, 2023	Less than a year	Between 1-2 years	Between 2- 5 years	Over 5 years	Total
Gratuity	21	8	43	106	**178**
Provident fund	41	44	159	374	**618**
Total	**62**	**52**	**202**	**480**	**796**

Note:

The estimates of future increase in compensation levels, considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Note 39: Long term contracts, including derivative contracts

The Company does not have any derivative contracts as at March 31, 2024. The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. No provision for material foreseeable losses is considered necessary based on the review of such contracts as at year end.

Note 40: Historical matters

(a) Additional inquiry and other regulatory matters

As disclosed in each of the annual financial statements commencing from year ended March 31, 2014, upon completion in April 2015 of an inquiry into past improper transactions ('Initial Inquiry') which identified references to certain additional parties and certain additional matters, the then MD & CEO, pursuant to the direction of the Board of Directors, carried out an additional inquiry into past improper transactions ('Additional Inquiry') which was completed in July 2016. The Additional Inquiry prima facie identified transactions indicating actual and potential diversion of funds from the Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appeared 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 the respective prior periods. The Company has filed recovery suits against relevant parties and individuals identified pursuant to the Additional Inquiry. Additionally, the Company has also filed a suit for recovery of excess managerial remuneration amounting to ₹ 13 crores paid to the former Executive Director and CFO (ED & CFO) for the year ended March 31, 2015. The receivable recorded for excess managerial remuneration has been fully provided for.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

As disclosed in each of the annual financial statements commencing from the year ended March 31, 2014, in relation to the above-mentioned Initial Inquiry and Additional Inquiry and the matters arising out of the settlement agreement dated February 25, 2016 entered into by the Company with Dr. Vijay Mallya pursuant to which, inter alia, the Company and Dr. Vijay Mallya agreed a mutual release in relation to matters arising out of the Initial Inquiry ('Agreement'), the Company received letters and notices from the Securities Exchange Board of India ('SEBI') during the year ended March 31, 2016 to which the Company has responded. There has been no further communication with SEBI on these matters since the Company's response in October 2017.

As disclosed in each of the annual financial statements commencing from the year ended March 31, 2014, in connection with the investigations carried out by the Directorate of Enforcement ('ED') under the Foreign Exchange Management Act, 1999 and Prevention of Money Laundering Act, 2002, the Company received letters and notices from ED during the year ended March 31, 2016, to which the Company responded. During the year ended March 31, 2022, the Company received a notice from the ED requesting for information, which the Company has provided. The Company has also received queries from its authorized dealer banks, based on queries from the Reserve Bank of India ('RBI'), with regard to remittances made in the prior years by the Company to its overseas subsidiaries, past acquisitions and Annual Performance Reports ('APR') for prior years, to which the Company has responded.

As disclosed in each of the annual financial statements commencing from the year ended March 31, 2019, with the objective of divesting its non-core assets, the Company reviewed its subsidiaries' operations, obligations, and compliances, and recommended a plan for rationalisation through sale, liquidation or merger ("Rationalisation Process"). After receiving approval from the Board, the Company has been taking steps to implement this plan. The Rationalisation Process for the existing subsidiaries is subject to regulatory and other approvals (in India and overseas). If any historical non-compliances are established during the Rationalisation Process, 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.

(b) Notices from the Ministry of Corporate Affairs

As disclosed in each of the annual financial statements commencing from year ended March 31, 2016, and pursuant to the inspection conducted by Ministry of Corporate Affairs ('MCA') during the year ended March 31, 2016, under Section 206(5) of the Companies Act, 2013, MCA issued show cause notices alleging violation of certain provisions of the Companies Act, 1956 and Companies Act, 2013, to which the Company had responded. As at the year ended March 31, 2024, the Company is awaiting response from the Registrar of Companies (RoC) on one compounding application and one show cause notice wherein the Company had requested the RoC to discontinue further proceedings based on expert legal advice received. The penalty and compounding fees arising out of adjudication applications and compounding application are not material. The management is of the view that in line with the past compounding/ adjudication orders, the financial impact arising out of compounding/ adjudication of the residual matters will not be material to the Company's financial statements.

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

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, the Company had pre-existing loans/ deposits/ advances/ accrued interest that were due to the Company and its subsidiaries from UBHL and its subsidiaries aggregating to ₹ 1,337 crores 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'). UBHL defaulted on its obligations to pay any amounts under the Loan Agreement. The Company had made provision in prior financial years for the entire principal amount due of ₹ 1,337 crores, and for the accrued interest of ₹ 85 crores up to March 31, 2014. The Company has not recognised interest income on said loan after March 31, 2014 which cumulatively amounts to ₹ 1,225 crores up to March 31, 2024. The Company has cumulatively offset ₹ 206 crores payable to UBHL arising under a trademark license agreement against the principal amount of loan and interest accrued thereon.

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. In April 2018, the arbitral tribunal passed a final award against the Company. The reasons for this adverse award were disputed by the Company, and the Company obtained leave from the High Court of Karnataka to challenge this arbitral award. In July 2018, the Company filed a petition challenging the said award before the Jurisdictional Court

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

in Bangalore (the "Court"). The Court issued notice pursuant thereto to the Official Liquidator (OL). The Company filed its claim with the OL. Notwithstanding the arbitral award, based on management assessment supported by an external legal opinion, the Company has offset payable to UBHL under the trademark license agreement against the balance of loan receivable from UBHL. During the quarter ended June 30, 2023, the OL filed an application before the High Court of Karnataka, seeking avoidance of setoff by the Company of the above license fee payments and recovery of the entire license fee payable under trademark license agreement with interest. Based on the Management assessment supported by external legal opinions, the Company continues to believe that it has a good case on merits. The Company is contesting the application filed by the OL and has filed its statement of objections during the quarter ended September 30, 2023. The OL has subsequently filed its rejoinder during the quarter ended March 31, 2024. The Official Liquidator (UBHL) has filed another claim before the High Court of Karnataka, purportedly as loans and advances repayable to UBHL by the Company, without substantiating the basis of such a claim. USL has denied this purported debt and is contesting this claim. The Company believes it has a good case on merits.

(d) Dispute with IDBI Bank Limited

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, during the year ended March 31, 2014, the Company prepaid 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 bank disputed the prepayment, following which the Company filed a writ petition ("WP") in November 2013 before the Hon'ble High Court of Karnataka ('High Court') 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 ₹ 46 crores on account of outstanding principal, accrued interest and other amounts as also further interest till the settlement date as per the security documents. The Company challenged this notice in the pending writ proceedings during which the High Court directed that, subject to the Company depositing ₹ 46 crores 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 High Court dismissed the Company's writ petition, 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 filed an appeal against this order before a division bench of the High Court, which was admitted and interim protection on the secured assets was reinstated. The writ appeal is pending.

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 ₹ 46 crores 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 loans advanced by the consortium of banks 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 and the bank filed an appeal against this order before the Debt Recovery Appellate Tribunal ('DRAT'), Chennai in September 2017. The bank's appeal is pending for final hearing by the DRAT.

Note 41: Capital and other commitments:

Particulars		As at March 31, 2024	As at March 31, 2023
(a)	Capital commitments for property, plant and equipment	27	49
(b)	Other commitment towards: i. advertisement, sales promotion and trade-mark fee	51	58
	ii. minimum off take commitment for purchase of bulk scotch from a related party	123	410

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 42: Contingent liabilities

Particulars			As at March 31, 2024	As at March 31, 2023
(a)	Income tax matters		235	232
(b)	Indirect tax matters			
	(i)	State excise	118	115
	(ii)	Central excise	0	0
	(iii)	Sales tax and entry tax	437	417
	(iv)	Goods and Services Tax	0	12
	(v)	Service Tax	-	1
(c)	Other civil litigations and claims		119	142

Notes:

(a) **Income tax matters**- Income tax matters primarily relate to exposures under transfer pricing and disallowance of certain expenses that the Company had claimed as deductions in its Income tax returns.

(b) **Indirect tax matters**- The Company has operations across various states in India. The Company has identified possible exposures relating to local sales tax, entry tax, state excise duty, goods and services tax and central excise duty.

(c) **Other civil litigations and claims-** Other civil litigations relate to various claims from third parties under dispute which are lying with various courts / appellate authorities.

(d) **Provident fund-** The Company has evaluated the impact of the Supreme Court ("SC") judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to non-inclusion of certain allowances in the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. There are interpretation issues relating to the said SC judgement. In the assessment of the management, the aforesaid matter is not likely to have a significant impact on the Company and accordingly, no provision has been made in the financial statements.

(e) **Use of judgement**

Management categorizes the matters based on the probability of cash outflow, which require judgement. Management obtains the views of external consultants where necessary. Based on the assessment, management recognises liability / provision, or discloses the matter as a contingent liability, except for matters where the probability of outflow of cash is considered remote. Due to uncertainties involved in the process, actual outflows may be different from those originally estimated. The Company may be involved in legal proceedings in respect of which it is not possible to make a reliable estimate of any expected settlement. In such cases, management has determined that any potential future cash outflows are not likely to be material.

(f) Management is optimistic of a favourable outcome in the above matters based on legal opinions / management assessment. It is not practicable for the Company to estimate the timing of the cash outflows, if any, in respect of the above, pending resolution of respective proceedings.

(g) Contingent liabilities above do not include demands with respect to income tax and indirect tax matters wherein the Company has assessed the probability of outflows of economic benefits to be remote.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 43: Research expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages	9	7
Contribution to provident fund and other funds	1	0
Staff Welfare expense	0	0
Rent	1	1
Miscellaneous	8	7
Total Research expenses	**19**	**15**

Note 44: Dues to Micro and Small enterprises

Particulars	As at March 31, 2024	As at March 31, 2023
Principal amount due to supliers registered under the MSMED Act [and remaining unpaid as at year end][refer note(ii)]	75	59
Interest due on principal amount remaining unpaid as at year end, as above, to suppliers registered under the MSMED Act	1	2
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	284	400
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	2	-
Interest accrued and remaining unpaid at the end of each accounting year	10	8
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	10	8

Note:

(i) The above information has been determined to the extent such parties have been identified by the Company.

(ii) Includes ₹ 6 crores (2023: ₹ 9 crores) which are in nature of capital creditors.

Note 45: Corporate social responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act. The funds were primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013:

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Details of actual CSR expenditure incurred:

Particulars		As at March 31, 2024	As at March 31, 2023
i)	Amount required to be spent by the company during the year (refer note 26)	19	19
ii)	Amount of expenditure incurred	21	19
iii)	Shortfall/(excess) at the end of the year [(i)-(ii)]*	(2)	-
iv)	Total of previous years shortfall	-	-
v)	Reason for shortfall	NA	NA
vi)	Nature of CSR activities	Employment enhancing vocation skills, Conservation of natural resources including water, promoting responsible consumption, promoting sanitation and making available safe drinking water and other activities in alignment with Schedule VII to the Act.	
vii)	Details of related party transactions, e.g. contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	NA	NA
viii)	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	NA	NA

The Company had undertaken ongoing projects, and the unspent amount as at March 31, 2024 is Nil (2023 of ₹ 8 crores) has been transferred to a separate bank account as per Section 135(6) of the Companies Act, 2013.

* The Company intent to carry forward excess amount spent under CSR activity of ₹ 2 crore (2023: Nil) for the year ended March 31, 2024.

Note 46(a): Details of investments (Original cost) as per Section 186 (4) of Companies Act, 2013

i) Investment in subsidiaries

Name of the Subsidiaries	Relationship	As at March 31, 2024	As at March 31, 2023
Domestic subsidiaries			
Royal Challengers Sports Private Limited	Wholly owned subsidiary	170	170
Overseas subsidiaries			
Asian Opportunities & Investments Limited	Wholly owned subsidiary	30	30
McDowell & Co. (Scotland) Limited	Wholly owned subsidiary	13	13
USL Holdings Limited	Wholly owned subsidiary	5,629	5,629
Shaw Wallace Overseas Limited	Wholly owned subsidiary	1	1
Palmer Investment Group Limited	Wholly owned subsidiary	692	692
Total		**6,535**	**6,535**

ii) Investment in associate:

Name of the associate	Relationship	As at March 31, 2024	As at March 31, 2023
Nao Spirits & Beverages Private Limited	Associate	47	32

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 46(b): Details of loans (gross) as per Section 186 (4) of Companies Act, 2013

Name of the borrower	Relationship	Purpose	Rate of interest 2023-24	Rate of interest 2022-23	Term/ repayment schedule	As at March 31, 2024	As at March 31, 2023
Domestic subsidiaries (Refer note below):							
Royal Challengers Sports Private Limited	Wholly owned subsidiary	Working capital	10%	8% - 10%	Principal and interest to be repaid by July 31, 2023.	-	92
Overseas subsidiaries:							
Asian Opportunities & Investments Limited	Wholly owned subsidiary	Working capital / funding towards acquisition of Bouvet Ladubay, erstwhile subsidiary	Interest free	Interest free	Term/ repayment schedule not specified.	59	59
USL Holdings UK Ltd	Wholly owned subsidiary	Working capital	Interest free	Interest free	Term/ repayment schedule not specified.	15	14
Others:							
United Breweries (Holdings) Limited	Unrelated	Refer note 40(c)	9.50%	9.50%	8 years	1,238	1,238
Total						**1,312**	**1,403**

Note: As per the agreement, simple interest is charged for loans given to domestic subsidiary.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 47: Disclosure as per Regulation 34 (3) and 53 (f) read with Part A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of loans/ advances/ investments outstanding as at year end

Particulars	Investments in equity / preference at cost held as at		Gross loans outstanding as at		Maximum amount of loans and advances outstanding during the year	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Asian Opportunities & Investments Limited	30	30	59	59	59	59
Shaw Wallace Overseas Limited	1	1	-	-	-	-
USL Holdings Limited	5,629	5,629	-	-	-	-
USL Holdings UK Ltd	-	-	15	14	15	14
Palmer Investment Group Limited	692	692	-	-	-	-
McDowell & Co (Scotland) Limited	13	13	-	-	-	-
Royal Challengers Sports Private Limited	170	170	-	92	121	92
Sovereign Distilleries Limited	-	-	-	-	-	2
Nao Spirits & Beverages Private Limited	47	32	-	-	-	-
Total	**6,582**	**6,567**	**74**	**165**		

The aforesaid amounts are gross of provisions, if any, made based on management assessment of recoverability. For repayment schedule and interest related terms, Refer Note 46(b).

Note 48: Exceptional items

a) Transfer pursuant to sale of business undertaking

During the year ended March 31, 2023, the Company (i) completed the slump sale of the entire business undertaking associated with 32 brands in the 'Popular' segment to Inbrew Beverages Private Limited ("Inbrew"); and (ii) given effect to the franchise of 11 other brands in the 'Popular' segment in favour of Inbrew for a period of five years, with an option for Inbrew, subject to certain conditions, (a) to convert the fixed term franchise arrangement into a franchise arrangement with perpetual right to use; and / or (b) to acquire such brands (collectively, the "Transaction").

In line with the terms of the slump sale agreement, all the assets and liabilities related to the business undertaking were transferred to Inbrew for a consideration of ₹ 818 crores (after certain pre-closure adjustments) and a profit on sale of the business undertaking amounting to ₹ 380 crores (net-off costs attributable towards sale and accruals) was recognized as an 'exceptional item' during the year ended March 31, 2023.

During the year ended March 31, 2024, the Company has satisfied last of the post-closure conditions for sale of the undertaking and has consequently recognised the unrecognised gain on sale amounting to ₹ 31 crores and has presented it as an exceptional item. Also refer note 28(b).

Pursuant to the slump sale agreement the Company opened an account with a bank and has authorised designated signatories from Inbrew to operate the account. The bank account was opened for the sole purpose of facilitating Inbrew to receive collections from a Government customer and make payments towards liabilities of Inbrew, until certain licenses are transferred to Inbrew. The Company does not have a present right to appoint authorised signatories and has no right to the economic benefits in respect of the balance in this account. Accordingly, the Company has not recognised the transactions and the balance in the said bank account in these financial statements.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

b) Supply agility programme

During the year ended March 31, 2023, the Board of Directors of the Company have approved a multi-year supply chain agility programme. The programme primarily is directed towards the optimization of the existing manufacturing footprint with an intent to strengthen its end-to-end supply chain and make it fit for the future. The total implementation cost of the supply chain agility programme, majority of which are expected to be recognized as exceptional items, will be recorded when the recognition criteria are satisfied.

During the year ended March 31, 2023, the Company has recognised a provision of ₹ 157 crores under exceptional items, towards the impairment loss on property, plant and equipment covered under the programme by writing down their carrying amounts to net realizable values which includes provision on certain land holdings on account of potential regulatory risks (impaired based on independent valuation) and severance cost relating to a closed unit.

During the year ended March 31, 2024, the Company has recongnised an additional provision of ₹ 48 crores under exceptional items, towards impairment loss of property, plant and equipment covered under the programme by writing down their carrying amounts to net realizable values and severance cost relating to some closed units. Also refer note 28(c).

Note 49: Claim from customer

During the quarter ended December 31, 2023, the Company received a claim from one of its institutional customers, amounting to ₹ 365 crores inclusive of penalty. Subsequently, the Company has not received any further collections from the customer till the end of the financial year i.e. March 31, 2024. The claim pertains to a historical matter regarding differential trade terms and was disclosed in the annual financial statements for the years ended March 31, 2017, March 31, 2018, March 31, 2021 and March 31, 2022. The impact of the settlement was accounted for and disclosed in the financial statements for the earlier years. Management's assessment is that the claim from the customer is unreasoned, arbitrary in nature, and is in violation of the principles of natural justice. Management is of the view that matter was resolved and settled in full in the prior years. Management has therefore not acknowledged the claim from the customer and has chosen to litigate as per the legal remedies available. The Company filed a petition under the Arbitration and Conciliation Act 1996 (the "Act") before the Bombay High Court, seeking interim relief of releasing the withheld payments and to not withhold payments pending constitution of the arbitration tribunal. This is scheduled to be heard on June 24, 2024. Further, the Company has also filed an application under Section 11 of the Act before the Bombay High Court, seeking the appointment of an arbitrator. The application under Section 11 is yet to be heard. Management, supported by external legal opinion, believes that it has a good case on merits with a high probability of success in realising the withheld payments. Management has also determined that the receivable from the customer at March 31, 2024 is good and recoverable.

Note 50: Investment in Associate and Joint Venture

Inspired Hospitality Private Limited

On April 4, 2024, the Company invested ₹ 6 crores in Inspired Hospitality Private Limited ("Inspired Hospitality") by subscribing to 3,494 Compulsory Convertible Preference Shares and 10 equity shares of Inspired Hospitality, resulting in the Company holding 15% ownership interest on a fully diluted basis. Management has considered Inspired Hospitality to be a joint venture since the Company has joint control over its operating and financing decisions.

Note 51: Additional regulatory information required by Schedule III

i. Details of benami property held

The Company does not hold any benami property. No proceedings have been initiated on the Company or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

ii. Borrowing secured against current assets

The Company has no borrowings from banks and financial institutions on the basis of security of current assets.

iii. Willful defaulter

The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

iv. Relationship with struck off companies

The Company has no transactions with the companies struck off under the Companies Act, 2013 or the Companies Act, 1956 except for the following:

Name of the Struck Off company	Nature of transactions with the struck off company	Balance outstanding as at March 31, 2024	Balance outstanding as at March 31, 2023	Relationship with the struck off company
Rmb Hospitality (India) Private Limited	Sales of goods and receipt of consideration	0	0	Customer
Srisri Creations Jewels And Handicrafts Private Limited	No transactions during the period	0	0	Customer
Alkanet Hospitality Private Limited	Sales of goods and receipt of consideration	0	-	Customer
Charuu Multi Services Private Limited	Sales of goods and receipt of consideration	-	0	Customer
Crudex Lng Petroleum Private Limited	Sales of goods and receipt of consideration	0	0	Customer

v. Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

vi. Compliance with number of layers of companies

The Company has ensured compliance with Section 2(87) of the Companies Act, 2013, read with the Companies (Restriction on Number of Layers) Rules, 2017 ('Layering Rules').

vii. Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries).

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

viii. Undisclosed income

There is no income surrendered or disclosed as income during the current or prior year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of accounts of the Company.

ix. Compliance with approved scheme(s) of arrangements

The Board of Directors ("Board") of PDL and of the Company at their respective meetings held on December 2, 2019 considered and approved a scheme of amalgamation and arrangement (the "Scheme") in relation to the amalgamation of PDL with the Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules thereunder. The scheme was approved by the National Company Law Tribunal (NCLT) on November 4, 2022. The Company has not entered into any such scheme of arrangement which has an accounting impact on current financial year.

x. Loans or advances to specified persons

The Company has not granted any loans or advances to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, expect for the parties mentioned under Note 46(b) that are:

(a) Repayable on demand

(b) without specifying any terms or period of repayment

xi. Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or prior year.

xii. Valuation of property, plant and equipment, intangible asset and investment property

The Company has not revalued its property, plant and equipment or intangible assets or both during the current or previous year.

xiii. Utilisation of borrowings taken from banks and financial institutions for specific purpose

The Company has not availed any borrowings from any banks or financial institutions during the year.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

xiv. Analytical Ratios

Ratios	Numerator	Denominator	Year ended March 31, 2024	Year ended March 31, 2023	% Variance
Current ratio	Current assets	Current liabilities	1.9	1.8	9.9%
Debt-equity ratio (Refer note 32a)	Debt / borrowings	Shareholder's equity	NA	0.0	NA
Debt service coverage ratio	Earnings available for debt service	Debt service	11.2	2.9	294.0%
Return on equity ratio	Profit after tax	Average shareholder's equity	20.3%	19.4%	4.7%
Inventory turnover ratio	Cost of goods sold and excise duty	Average inventory	9.7	10.6	-8.8%
Trade receivables turnover ratio	Gross sales	Average receivables	9.2	11.8	-21.7%
Trade payables turnover ratio	Net purchases	Average payables	4.7	5.1	-7.4%
Net capital turnover ratio	Gross sales	Working capital (inventories, trade receivables and trade payables)	8.5	9.6	-11.8%
Net profit ratio	Net profit	Net sales (sales-excise duty)	12.3%	10.1%	21.1%
Return on capital employed	Earnings before interest and taxes	Capital employed(equity, debt and lease liabilities)	24.7%	19.9%	23.8%
Return on investment	Earnings before interest and taxes	Average total assets	17.5%	13.4%	31.1%

(i) **Debt-service coverage ratio:** There is a significant change due to increase in profit and reduction in finance cost in the current year as compared to the previous year.

(ii) **Return on investment:** This has improved due to increase in profit in the current year as compared to previous year.

Note 52 - Summary of other accounting policies

52.1 Property, plant and equipment

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All expenses in the nature of repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

The cost of property, plant and equipment which are not ready for their intended use at the balance sheet date, are disclosed as capital work-in-progress.

Disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are accounted in Statement of profit and loss within Other income/ Other expenses, on a net basis.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

52.2 Intangible assets

Research and development costs

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

52.3 Investment in Subsidiaries and Associates

Investments in subsidiaries and associates are carried at cost/ deemed cost, less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of profit and loss.

On adoption of Ind AS, Company has measured these investments at deemed cost using the net carrying value as per previous GAAP as at March 31, 2015. The Company has subsequently measured its investments in equity shares of subsidiaries and the associate at cost in accordance with Ind AS 27.

52.4 Financial Instruments

A) Financial Assets:

a) Recognition and measurement

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets except trade receivables are recognised at fair value. Financial assets are subsequently classified and measured at amortised cost. Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

i) Loans

On initial recognition, Loans are measured at fair value. Since the objective is to hold these financial assets to collect contractual cash flows that are solely payments of principal and interest, these assets are subsequently measured at amortised cost using the EIR method less impairment, if any.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

ii) Other financial assets:

On initial recognition, Other financial assets are measured at fair value, and subsequently, measured at the amortised cost, less impairment if any. Loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

b) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

c) Impairment of financial assets

The Company applies Expected Credit Losses (ECL) model for measurement and recognition of loss allowance on Trade receivables and other financial assets measured at amortised cost.

In case of trade receivables, the Company follows the provision matrix approach (as permitted by Ind AS 109) wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

In case of other financial assets, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance. Subsequently, if the credit quality of the financial asset improve such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive (i.e., cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss under the head 'Loss allowance on trade receivables and other financial assets'.

d) Income recognition

Dividend income on investments is recognised and accounted for when the right to receive the payment is established, it probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Interest income is accounted for on a time-proportion basis using effective interest rate method taking into account the amounts invested and the rate of interest, except for financial assets that subsequently become credit impaired.

For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

B) Financial Liabilities:

a) Recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, financial liabilities are measured at fair value and subsequently measured at amortised cost.

Trade and other payables

In case of trade and other payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest rate method.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per credit period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

b) Derecognition

The Company derecognises a financial liability when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

C) Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

52.5 Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and performance incentives that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services rendered up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under 'Other financial liabilities' in the balance sheet.

b) Post-employment obligations

The Company's defined benefit plans comprise gratuity, pension and provident fund (administered by trusts set up by the Company, where the Company's obligation is to provide the agreed benefit to the qualifying employees and the actuarial risk and investment risk if any, fall in substance, on the Company).

Pension and gratuity obligations

The net liability or asset recognised in the balance sheet in respect of pension and gratuity (defined benefit plans) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident fund

The Company operates a defined benefit provident fund plan for certain category of eligible employees. The minimum statutory rate at which the annual rate of interest is payable to the beneficiaries of such plan is declared by the Central Government. The Company has an obligation to make good the shortfall if any, in the statutory rate prescribed by the Government and the rate of interest declared by the Trust. The Company also has an obligation to fund any shortfall in the fair value of plan assets as compared with the defined benefit obligation.

During the year, the Company has transferred its Provident Fund obligation from the Trust to Employee Provident Fund Organization (EPFO). Consequently, the Plan has been accounted as a defined contribution plan.

Defined contribution plans

These are plans in which the Company pays pre-defined amounts to funds administered by government authority and the Company does not have any legal or constructive obligation to pay additional sums. These comprise contributions in respect of Employees' Provident Fund, Employees' Pension Scheme, Employees' State Insurance, Superannuation fund and National Pension Scheme. The Company's payments to the defined contribution plans are recognised as employee benefit expenses when they are due.

(c) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields of government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(e) Share-based payments

Share based compensation benefits are provided to certain grades of employees in the form of United Spirits Limited- Stock Appreciation Rights Plan, a cash settled scheme, and various equity settled schemes managed by Diageo group.

Stock appreciation rights

Liabilities for the Company's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as current/ non-current provisions in the balance sheet.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Diageo group share based payment arrangements:

The fair value of equity settled share options based on shares of Diageo plc. (the ultimate holding company) is initially measured at grant date and is charged to the Statement of Profit and Loss over the vesting period, which is the period over which all of the specified vesting conditions are satisfied, and the credit is included in equity. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market and service conditions. It recognises the impact of revision to original estimate, if any, in profit or loss, with a corresponding adjustment to equity. Once the costs towards share option plans are cross charged by Diageo group companies, the same is accounted for as a reduction from equity. To the extent the amount or recharge exceeds the fair value of equity shares on the date of exercise, the same is recognised in the Statement of Profit and Loss.

52.6 Income tax

Income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

52.7 Earnings per share (EPS)

Basic EPS is arrived by dividing profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

52.8 Provisions and contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

A provision is made in respect of onerous contracts, i.e., contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contracts. Provisions are not recognised for other future operating losses. The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

52.9 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

52.10 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

52.11 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions are complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to property, plant and equipment, it is recognised as deferred income and recognised as income in Statement of Profit and Loss over the expected useful life of the related asset. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized at government rate. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

52.12 Exceptional items

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature and incidence that its disclosure is relevant to explain more meaningfully the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

Notes to financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

52.13 Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Executive committee, which has been identified as the chief operating decision maker, assesses the financial performance and position of the Company and makes strategic decisions. The executive committee consists of the Managing Director & Chief Executive Officer and other senior management team members. Since segment disclosures have been provided in the consolidated financial statements, no such disclosures have been made in these standalone financial statements.

52.14 Equity

Own shares represent shares of the Company and those held in treasury by USL Benefit Trust. Pursuant to orders of the High Court of Karnataka and the High Court of Bombay, shares held in aforesaid trust have been treated as an investment.

Dividends - Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

52.15 Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Indian Rupee (₹), the functional currency of the Company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the Statement of Profit and Loss.

52.16 Rounding of amounts

For the year ended March 31, 2024, the Company has changed its' currency denomination from ₹ million to ₹ crores. Accordingly, all amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III (Division II) to the Act, unless otherwise stated. The sign '0' in these financial statements indicates that the amounts involved are below ₹ Fifty Lakhs and the sign '-' indicates that amounts are Nil.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm registration number: 304026E/E-300009
Chartered Accountants

Dibyendu Majumder
Partner
Membership number: 057687

Place: Mumbai
Date: May 24, 2024

For **and on behalf of the Board of Directors**

Mahendra Kumar Sharma
Chairman
DIN: 00327684
Place: Mumbai

Hina Nagarajan
Managing Director and Chief Executive Officer
DIN: 00048506
Place: Mumbai

V K Viswanathan
Director
DIN: 01782934
Place: Mumbai

Pradeep Jain
Executive Director and Chief Financial Officer
DIN: 02110401
Place: Mumbai

Mital Sanghvi
Company Secretary
Place: Mumbai

Date: May 24, 2024

Independent Auditor's Report

To the Members of United Spirits Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of United Spirits Limited (hereinafter referred to as the "Holding Company") and its subsidiaries and trust controlled by it (together referred to as "the Group") and its associate company (refer Group overview section to the attached consolidated financial statements), which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and its associate company as at March 31, 2024, consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group and its associate company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraphs 15 and 16 of the Other Matters section below, other than the unaudited financial information as certified by the management and referred to in paragraph 17 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to the following matters:

   a) Note 41A(a) to the consolidated financial statements regarding the uncertainties post completion of the Initial Inquiry, which identified references to certain Additional Parties and certain Additional matters, the then 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 Company's erstwhile non-executive Chairman and other potentially improper transactions. Post the completion of Additional Inquiry certain regulatory notices and communications were received from Securities Exchange Board of India, Directorate of Enforcement and Authorised Dealer banks ('AD') to which the Holding Company has responded. Subsequently, the Holding Company had commenced the rationalisation process for divestment/ liquidation/ merger of certain overseas subsidiaries including step down subsidiaries and completion of the above Rationalisation process is subject to regulatory approvals in India and overseas. The Holding company has also filed suits for recovery of certain amounts against relevant parties and individuals identified in the Additional Inquiry including excess managerial remuneration paid to the former Executive Director and CFO which have been fully provided for or recognised as an expense in prior years. The management is currently unable to estimate the financial impact on the Holding Company, if any, arising out of potential non compliances with applicable laws as above.

   b) Note 41A(e) to the consolidated financial statements, which describes the uncertainty relating to the final outcome of litigations with a bank ("the bank") that continues to retain the pledge of certain assets of the Holding Company and of the Holding Company's shares held by USL Benefit Trust (of which the Holding Company is the sole beneficiary) despite the Holding Company prepaying the term loan to that bank along with the prepayment penalty and further depositing an additional sum of ₹ 46 crores demanded by the bank and as directed by the Hon'ble High Court of Karnataka (the "Court"). Based on management assessment supported by external legal opinions, the Holding Company has disclosed the aforesaid amount of

Independent Auditor's Report (Continued)

₹ 46 crores under other non-current financial assets as recoverable from the bank pending the final outcome of the litigation. In a separate proceeding before the Debt Recovery Appellate Tribunal, the bank's appeal against the judgement awarded by Debt Recovery Tribunal in favour of the Holding Company in respect of attachment of the aforesaid pledged shares for recovery of the loans advanced by the bank to Kingfisher Airlines Limited is pending disposal.

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

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of the appropriateness of provisions recognised and contingent liabilities disclosed in respect of certain tax matters (Refer notes 8, 18 and 43 (a) and (b) to the consolidated financial statements). As at March 31, 2024, the Holding Company has significant tax exposures and is subject to periodic assessments/ demands by tax authorities on transfer pricing, income tax and a range of indirect tax matters. Consequent to such tax assessments and demands relating to past several years, the Company has paid certain amounts under protest at various dates. The Holding Company has also filed appeals with various appellate authorities against such demands. Management judgement is involved in assessing the likelihood of ultimate outcome of the tax disputes to decide on the accounting/ disclosure requirements. For certain complex matters the probable amount of the cash outflows determined by the management is supported by opinions obtained from external tax counsels/ assessment performed by internal expert (management tax experts). We considered this a key audit matter as: (a) The amounts involved are significant to the consolidated financial statements; (b) Change in the management's judgements and estimates may significantly affect the provisions recognised or contingent liabilities disclosed; and (c) Matters of disputes are complex in some cases due to the nature of the industry in which the Holding Company operates and are subject to interpretations under tax laws.	Our audit procedures included the following: • Understood, assessed and tested the design and operating effectiveness of the Holding Company's controls in respect of the identifying potential tax exposures and/ or the accounting and disclosures thereof. • Evaluated the related accounting policy for recognising provisions for tax exposures and disclosure of contingent liabilities with the requirements of the relevant accounting standards. • Obtained management's assessment in respect of tax demands on whether cash outflow is either probable, possible or remote. • Evaluated management's assessment from the Holding Company with the help of auditors' experts, where necessary, as follows: – For the samples selected, read the correspondences received during the year from the tax authorities/ orders from the appellate authorities. – Read and assessed the views provided by the management/ management tax experts as applicable. – Assessed management's position on significant tax exposures in accordance with the tax laws and past precedents of tax judgements. – Assessed completeness of litigations by inquiring with the management, and perusal of Board minutes. Evaluated the objectivity, independence, competence and capabilities of the management's tax experts. – Evaluated the adequacy of the disclosures made in the consolidated financial statements. Based on the above procedures, we considered the management's assessment in recognising the provisions and disclosing contingent liabilities in respect of the stated tax matters, as reasonable.

Independent Auditor's Report (Continued)

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Chairman's Message, Managing Director and CEO's Message, Director's Report, Management Discussion and Analysis, and Corporate Governance report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report. The Business Responsibility and Sustainability Report (BRSR) and assurance report thereon are expected to be made available to us after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the BRSR and assurance report thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including consolidated other comprehensive income), and consolidated cash flows, and changes in equity of the Group and its associate company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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 the assets of the Group and its associate company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial 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 statements by the Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate company and the trustees of the Trust are responsible for assessing the ability of the Group and of its associate company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. 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 overseeing the financial reporting process of the Group and of its associate company.

Auditor's Responsibilities for the Audit of the consolidated financial statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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

Independent Auditor's Report (Continued)

could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    (a) Identify and assess the risks of material misstatement of the consolidated financial statements, 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 consolidated financial statements in place and the operating effectiveness of such controls.

    (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    (d) Conclude on the appropriateness of management's 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 statements 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements 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.

13. 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.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. We did not audit the financial statements of one trust controlled by the Holding Company and incorporated in India, included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 11 crores and net assets of ₹ 9 crores as at March 31, 2024, total revenue of Nil, net loss of ₹ 2 crores, total comprehensive loss (comprising of loss and other comprehensive income) of ₹ 2 crores and net cash inflows amounting to ₹ 6 crores for the year ended March

Independent Auditor's Report (Continued)

31, 2024. These financial statements have been prepared in accordance with accounting principles applicable to the trust and have been audited by the other auditor under generally accepted auditing standards applicable in India. The Holding Company's management has converted the financial statements of the trust from accounting principles followed by the trust to the accounting principles applicable to the Holding Company. We have audited these conversion adjustments as necessary made by the Holding Company's management. Our opinion on the consolidated financial statements in so far as it relates to the balances and affairs of the trust, including other information, is based on the report of other auditors and the conversion adjustments prepared by the Management of the Holding Company as necessary and audited by us.

16. We did not audit the financial statements of 8 overseas subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 21 crores and net assets of ₹ 20 crores as at March 31, 2024, total revenue of Nil, net loss of ₹ 1 crores, total comprehensive loss (comprising of loss and other comprehensive income) of ₹ 1 crore and net cash outflows of ₹ 1 crore for the year ended March 31,2024. These financial statements 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 overseas subsidiaries from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments as necessary made by the Holding Company's management. Our opinion on the consolidated financial statements in so far as it relates to the balances and affairs of such overseas subsidiaries, including other information, is based on the report of other auditors and the conversion adjustments prepared by the Management of the Holding company as necessary and audited by us.

17. The consolidated financial statements include Group's share of net loss of ₹ 1 crore and total comprehensive loss (comprising of loss and other comprehensive income) of ₹ 1 crore for the year ended March 31, 2024 in respect of an associate company. The said financial information relating to the associate company have not been audited by us. The financial information relating to the associate company are unaudited and have been furnished by the Board of Directors of the Holding Company, and our opinion on the Consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate company, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Holding Company's Board of Directors, such financial statement is not material to the Group.

18. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters specified in paragraphs 15 and 16 with respect to our reliance on the work done and the reports of the other auditors and as specified in paragraph 17 with respect to the financial information certified by the Board of Directors.

Report on Other Legal and Regulatory Requirements

19. As required by the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure B", a statement on the matter specified in paragraph 3(xxi) of CARO 2020.

20. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books except for the matters stated in paragraph 20(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the

Independent Auditor's Report (Continued)

Holding Company and the report of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 20(b) above on reporting under Section 143(3)(b) and paragraph 20(h)(vi) below on reporting under Rule 11(g) of the Rules.

(g) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Holding Company and a subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Reporting under Section 143(3)(i) of the Act in respect of the adequacy of internal controls with reference to financial statements is not applicable to the controlled trust as it is not a company.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed the impact, if any, of pending litigations on as at March 31, 2024 on the consolidated financial statements. (Refer notes 8, 18, 41A(a), 41A(d), 41A(e) and 43 to the consolidated financial statements).

ii. The Holding Company and its subsidiary in India was not required to recognise a provision as at March 31, 2024 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contracts. The Holding Company and its subsidiary in India did not have any derivative contracts as at March 31, 2024. (Refer note 40 to the consolidated financial statements).

iii. During the year ended March 31, 2024, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India. (Refer note 17 to the consolidated financial statements).

iv. (a) The respective Managements of the Holding Company and its subsidiary company, which is a Company incorporated in India whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or by the subsidiary company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or such subsidiary company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Holding Company and its subsidiary company, which is a company incorporated in India whose financial statements have been audited under the Act, have represented to us that, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or subsidiary company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or subsidiary company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

Independent Auditor's Report (Continued)

v. The dividend declared and paid during the year by the Holding Company and its subsidiary company, which is a company incorporated in India, is in compliance with Section 123 of the Act.

vi. Based on our examination, which included test checks, the Holding Company and its subsidiary company, which is a company incorporated in India, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and that has operated throughout the year for all relevant transactions recorded in the software, except that the audit trail is not maintained for any changes made through specific access and direct database changes. Further, in case of the Holding Company, for the accounting software maintained by the third-party payroll service provider, in the absence of adequate information around the audit trail feature, we are unable to comment on it. Other than for the instances mentioned above, based on our procedures performed, we did not notice any instance of the audit trail feature being tampered with.

21. The Holding Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The subsidiary company incorporated in India has not paid remuneration to its managerial personnel during the year.

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

Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 24057687BKFTPP3603

Place: Mumbai
Date: May 24, 2024

Annexure A to Independent Auditor's Report

Referred to in paragraph 20(g) of the Independent Auditor's Report of even date to the members of United Spirits Limited on the consolidated financial statements for the year ended March 31, 2024

Report on the Internal Financial Controls with reference to consolidated financial statements under clause (i) of sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of United Spirits Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and a subsidiary company, which is a company incorporated in India, internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 24057687BKFTPP3603

Place: Mumbai
Date: May 24, 2024

Annexure B to Independent Auditor's Report

Referred to in paragraph 19 of the Independent Auditors' Report of even date to the members of United Spirits Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2024

As required by paragraph 3(xxi) of the CARO 2020, we report that the auditors of the following companies have given qualification or adverse remarks in their CARO report on the standalone financial statements of the respective companies included in the consolidated financial Statements of the Holding Company:

Sl. No.	Name of the Company	CIN	Relationship with the Holding Company	Date of the respective auditors' report	Paragraph number and comment in the respective CARO report reproduced below
1.	United Spirits Limited	L01551KA1999PLC024991	Holding Company of the Group	May 24, 2024	(i)(c) and (iii) (c)

The statutory audit report on the financial statements for the year ended March 31, 2024 of Nao Spirits & Beverages Private Limited, an associate of the Holding Company incorporated in India, has not been issued until the date of this report. Accordingly, no comments for the said associate have been included for the purpose of reporting under this clause.

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

Dibyendu Majumder
Partner
Membership Number: 057687
UDIN: 24057687BKFTPP3603

Place: Mumbai
Date: May 24, 2024

Consolidated Balance Sheet

(All amounts in ₹ crores unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	844	978
Right-of-use assets	3.2	227	173
Capital work-in-progress	3.3	37	67
Goodwill	3.4	1	1
Other intangible assets	3.4	349	357
Intangible assets under development	3.5	-	16
Investment property	3.6	139	25
Financial assets			
Investments accounted for using the equity method	4.1	9	10
Investments	4.2	37	20
Trade receivables	11	365	-
Loans	5	-	-
Other financial assets	6	111	146
Deferred tax assets (net)	7	177	157
Current tax assets (net) (Non-current)	8	1,358	1,336
Other non-current assets	9	218	241
Total non-current assets		**3,872**	**3,527**
Current assets			
Inventories	10	2,063	2,230
Financial assets			
Investments	4.3	599	256
Trade receivables	11	3,056	2,434
Cash and cash equivalents	12	1,052	115
Bank balances other than cash and cash equivalents	13	217	768
Loans	5	10	16
Other financial assets	6	37	136
Other current assets	9	343	279
Total current assets		**7,377**	**6,234**
Total assets		**11,249**	**9,761**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	145	145
Other equity			
Reserves and surplus	15	6,976	5,854
Total equity		**7,121**	**5,999**

Consolidated Balance Sheet (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	16	-	0
Lease liabilities	3.2	137	80
Deferred tax liabilities (net)	7	73	45
Provisions	18	15	12
Total non-current liabilities		**225**	**137**
Current liabilities			
Financial liabilities			
Borrowings	16	25	1
Lease liabilities	3.2	103	102
Trade payables			
(A) total outstanding dues of micro and small enterprises	19	70	50
(B) total outstanding dues of creditors other than micro and small enterprises	19	1,884	1,733
Other financial liabilities	17	276	285
Provisions	18	368	373
Current tax liabilities (net)	8	332	283
Other current liabilities	20	845	798
Total current liabilities		**3,903**	**3,625**
Total liabilities		**4,128**	**3,762**
Total equity and liabilities		**11,249**	**9,761**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm registration number: 304026E/E-300009
Chartered Accountants

Dibyendu Majumder
Partner
Membership number: 057687

Place: Mumbai
Date: May 24, 2024

For **and on behalf of the Board of Directors**

Mahendra Kumar Sharma
Chairman
DIN: 00327684
Place: Mumbai

Hina Nagarajan
Managing Director and Chief Executive Officer
DIN: 00048506
Place: Mumbai

V K Viswanathan
Director
DIN: 01782934
Place: Mumbai

Pradeep Jain
Executive Director and Chief Financial Officer
DIN: 02110401
Place: Mumbai

Mital Sanghvi
Company Secretary
Place: Mumbai

Date: May 24, 2024

Consolidated Statement of Profit and Loss

(All amounts in ₹ crores unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
INCOME			
Revenue from operations	21	26,018	27,816
Other income	22	225	73
Total income		**26,243**	**27,889**
EXPENSES			
Cost of materials consumed	23	5,254	5,337
Purchase of stock-in-trade		675	864
Change in inventories of finished goods, work-in-progress and stock-in-trade	24	119	(137)
Excise duty		14,697	17,204
Employee benefits expense	25	547	610
Depreciation and amortisation expense	26	275	283
Advertisement and sales promotion		1,048	922
Other expenses	27	1,677	1,598
Finance costs	28	76	104
Total expenses		**24,368**	**26,785**
Profit before share of net loss of investments in associates, exceptional items and tax		**1,875**	**1,104**
Share of net loss in associate		(1)	(1)
Profit before exceptional items and tax		**1,874**	**1,103**
Add/ (Less): Exceptional items (net)	29	(17)	176
Profit before tax		**1,857**	**1,279**
Income tax expense:	30		
Current tax		450	281
Current tax relating to earlier years		(10)	(115)
Deferred tax (credit) / charge		9	(13)
Total tax expense		**449**	**153**
Profit for the year		**1,408**	**1,126**
Other comprehensive income			
A. Items that will be reclassified to profit or loss			
(i) Exchange difference on translation of foreign operations		(1)	(1)
(ii) Share of other comprehensive income of associates accounted for using the equity method		-	-
B. Items that will not be reclassified to profit or loss			

Consolidated Statement of Profit and Loss (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Remeasurements of post-employment benefit plans	39(b)E	(3)	(1)
(ii) Share of other comprehensive income of associates accounted for using the equity method		-	-
(iii) Income tax credit / (charge) relating to these items		1	0
Other comprehensive income for the year, net of tax		**(3)**	**(2)**
Total comprehensive income for the year		**1,405**	**1,124**
Profit is attributable to:			
Owners of United Spirits Limited		1,408	1,137
Non-controlling interests		-	(11)
		1,408	**1,126**
Other comprehensive income is attributable to:			
Owners of United Spirits Limited		(3)	(2)
Non-controlling interests		-	-
		(3)	**(2)**
Total comprehensive income is attributable to:			
Owners of United Spirits Limited		1,405	1,135
Non-controlling interests		-	(11)
		1,405	**1,124**
Basic and diluted earnings per share (in ₹)	31	19.83	16.01

The above consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm registration number: 304026E/E-300009
Chartered Accountants

Dibyendu Majumder
Partner
Membership number: 057687

Place: Mumbai
Date: May 24, 2024

For **and on behalf of the Board of Directors**

Mahendra Kumar Sharma
Chairman
DIN: 00327684
Place: Mumbai

Hina Nagarajan
Managing Director and Chief Executive Officer
DIN: 00048506
Place: Mumbai

V K Viswanathan
Director
DIN: 01782934
Place: Mumbai

Pradeep Jain
Executive Director and Chief Financial Officer
DIN: 02110401
Place: Mumbai

Mital Sanghvi
Company Secretary
Place: Mumbai

Date: May 24, 2024

Consolidated Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(All amounts in ₹ crores unless otherwise stated)

Particulars	Note	Amount
Equity share capital as at April 1, 2022	14	145
Changes in equity share capital		0
Equity share capital as at March 31, 2023	**14**	**145**
Changes in equity share capital		-
Equity share capital as at March 31, 2024	**14**	**145**

B. OTHER EQUITY

		Attributable to owners of United Spirits Limited											Non-Controlling interest	Total
		Reserves and surplus												
Particulars	Notes	Capital reserve	Capital redemption reserve	Securities premium account	Treasury shares	Central subsidy	Share based incentive reserve	Foreign currency translation reserve	Contingency reserve	General reserve	Retained earnings	Total		
Balance as at April 1, 2022		**568**	**70**	**4,568**	**(120)**	**5**	**(0)**	**21**	**11**	**1,041**	**(1,354)**	**4,808**	**(79)**	**4,730**
Profit/(Loss) for the year		-	-	-	-	-	-		-	-	1,136	**1,136**	(11)	**1,126**
Other comprehensive income (OCI), net of tax		-	-	-	-	-	-	(2)	-	-	(0)	**(2)**	-	**(2)**
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**(2)**	**-**	**-**	**1,136**	**1,134**	**(11)**	**1,124**
Share based payments	35	-	-	-	-	-	7	-	-	-	-	**7**	-	**7**
Cross charge by a Diageo group company during the year towards share based payments	37(b)(ix)	-	-	-	-	-	(6)	-	-	-	-	**(6)**	-	**(6)**
Acquisition of shares held by Non Controlling Shareholders pursuant to amalgamation		-	-	-	-	-	-	-	-	-	(90)	**(90)**	90	**-**
Balance as at March 31, 2023	**15**	**568**	**70**	**4,568**	**(120)**	**5**	**1**	**19**	**11**	**1,041**	**(308)**	**5,854**	**-**	**5,854**
Profit for the year		-	-	-	-	-	-		-	-	1,408	**1,408**	-	**1,408**
Other comprehensive income (OCI), net of tax		-	-	-	-	-	-	(1)	-	-	(2)	**(3)**	-	**(3)**
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**1,406**	**1,405**	**-**	**1,405**
Share based payments	35	-	-	-	-	-	4	-	-	-	-	**4**	-	**4**
Cross charge by a Diageo group company during the year towards share based payments	37(b)(ix)	-	-	-	-	-	(4)	-	-	-	-	**(4)**	-	**(4)**
Dividend payment	33b	-	-	-	-	-	-	-	-	-	(284)	**(284)**	-	**(284)**
Balance as at March 31, 2024	**15**	**568**	**70**	**4,568**	**(120)**	**5**	**1**	**18**	**11**	**1,041**	**814**	**6,976**	**-**	**6,976**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm registration number: 304026E/E-300009
Chartered Accountants

Dibyendu Majumder
Partner
Membership number: 057687

For **and on behalf of the Board of Directors**

Mahendra Kumar Sharma
Chairman
DIN: 00327684
Place: Mumbai

Hina Nagarajan
Managing Director and Chief Executive Officer
DIN: 00048506
Place: Mumbai

V K Viswanathan
Director
DIN: 01782934
Place: Mumbai

Pradeep Jain
Executive Director and Chief Financial Officer
DIN: 02110401
Place: Mumbai

Mital Sanghvi
Company Secretary
Place: Mumbai

Place: Mumbai
Date: May 24, 2024

Date: May 24, 2024

Consolidated Statement of Cash flows

(All amounts in ₹ crores unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2024		For the year ended March 31, 2023	
A. CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax			**1,857**		**1,279**
Adjustments for					
Depreciation and amortisation expense	26	275		283	
Employee share-based payment expense	25	37		23	
Loss allowance on trade receivables, other assets and other financial assets (net)	27	41		5	
Profit on redemption of mutual fund units	22	(47)		(17)	
Increase in fair value of investments	22	(18)		(3)	
Finance costs	28	76		104	
Liabilities no longer required written back	22	-		(0)	
Gain on disposal of property, plant and equipment (net)	22	(12)		(20)	
Interest income	22	(42)		(32)	
Interest on direct and indirect tax refund	22	(88)		-	
Share of net (profit)/loss in associate accounted for using equity method	4.1	1		1	
Exceptional item- Profit on sale of business undertaking	29	(31)		(380)	
Exceptional item- Supply restructuring cost	29	48		157	
Exceptional item - Others	29	-		47	
Exchange loss on translation of assets and liabilities		3		1	
			243		**169**
Operating profit before working capital changes			**2,100**		**1,448**
(Increase) / decrease in trade receivables		(1,045)		(276)	
(Increase) / decrease in loans and other financials assets		154		(96)	
(Increase) / decrease in other assets		(35)		(123)	
(Increase) / decrease in inventories		163		(262)	
Increase / (decrease) in trade payables		132		203	
Increase / (decrease) in other financial liabilities		(43)		18	
Increase / (decrease) in other liabilities		78		111	
Increase / (decrease) in provisions		(49)		(140)	
			(645)		**(565)**
Cash generated from operations			**1,455**		**883**
Income taxes paid (net of refund)			(337)		(268)
Net cash generated from operating activities (A)			**1,118**		**615**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and intangible assets		(98)		(137)	
Proceeds from sale of property, plant and equipment and investment properties		19		27	
Purchase of current investments		(1,032)		(8,517)	
Redemption of current investments		751		8,502	
Purchase of term deposits		(427)		(1,013)	
Redemption of term deposits		980		250	

Consolidated Statement of Cash flows (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2024		For the year ended March 31, 2023	
Proceeds from sale of a business undertaking		-		818	
Proceeds from sale of a subsidiary		-		32	
Acquisition/ additional investment in an associate		(15)		(32)	
Loans given to others		-		(8)	
Repayment of loans given to others		6		3	
Interest received		42		20	
Net cash inflow / (outflow) from investing activities (B)			**226**		**(55)**
C. CASH FLOW FROM FINANCING ACTIVITIES					
Net proceeds / (repayment) of working capital loans	16	25		(339)	
Principal repayment of lease liabilities	16	(126)		(124)	
Interest paid on lease liabilities	16	(21)		(16)	
Repayment of deferred sales tax liability	16	(1)		(1)	
Interest paid on borrowings	16	-		(20)	
Dividend paid	33(b)	(284)		-	
Net cash inflow / (outflow) from financing activities (C)			**(407)**		**(500)**
Net increase / (decrease) in cash and cash equivalents [D = A+B+C]			**937**		**60**
Cash and cash equivalents as at the beginning of the year (E)			**115**		**55**
Effects of exchange rate changes on cash and cash equivalents			0		0
Net increase / (decrease) in cash and cash equivalents			937		60
Cash and cash equivalents as at the end of the year [D+E]	12		**1,052**		**115**
Non-cash financing and investing activity					
Acquisition of right-of-use assets	3.2		184		86

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm registration number: 304026E/E-300009
Chartered Accountants

Dibyendu Majumder
Partner
Membership number: 057687

For **and on behalf of the Board of Directors**

Mahendra Kumar Sharma
Chairman
DIN: 00327684
Place: Mumbai

Hina Nagarajan
Managing Director and Chief Executive Officer
DIN: 00048506
Place: Mumbai

V K Viswanathan
Director
DIN: 01782934
Place: Mumbai

Pradeep Jain
Executive Director and Chief Financial Officer
DIN: 02110401
Place: Mumbai

Mital Sanghvi
Company Secretary
Place: Mumbai

Place: Mumbai
Date: May 24, 2024

Date: May 24, 2024

Notes to the Consolidated financial statements

(All amounts in ₹ crores unless otherwise stated)

Group overview

United Spirits Limited ("The Holding Company" or "USL") which is a public company domiciled and headquartered in Bengaluru, Karnataka, India, together with its subsidiaries and its controlled trust (collectively "the Group"). It is incorporated under the Companies Act, 1956 and its shares are listed on the BSE Limited and National Stock Exchange of India Limited. It is engaged in the business of manufacture (including through third party manufacturing facilities), purchase and sale of beverage alcohol (including franchising of some of its brands in certain states), and other allied spirits. In addition, the Group has rights to operate sports franchise through Royal Challengers Sports Private Limited.

Consolidated Financial Statements includes the financial statements of the following subsidiaries controlled by the Holding Company:

- Royal Challengers Sports Private Limited
- Sovereign Distilleries Limited (ceased to be a subsidiary w.e.f. January 24, 2023)
- Asian Opportunities and Investments Limited
- McDowell & Co. (Scotland) Limited
- Palmer Investment Group Limited
- Shaw Wallace Overseas Limited
- United Spirits (Great Britain) Limited
- United Spirits (UK) Limited
- USL Holdings Limited
- USL Holdings (UK) Limited
- United Spirits (Shanghai) Trading Company Limited (ceased to be a subsidiary w.e.f. January 12, 2023)
- United Spirits Singapore Pte Ltd (ceased to be a subsidiary w.e.f. November 04, 2022)

Trust controlled by the Holding Company

- USL Benefit Trust

The Holding Company, its Subsidiaries and the Trust controlled by the Holding Company together are referred to as the Group.

The Group also has significant influence over the following associate company:

- Nao Spirits & Beverages Private Limited (w.e.f. from April 29, 2022) (equity ownership interest of 11%) (Refer notes 4.1 & 4.2)

These consolidated financial statements are approved for issue by the Group's Board of Directors on May 24, 2024.

Note 1: Summary of material accounting policy information

1.1: Basis of preparation of consolidated financial statements

(i) Compliance with Ind AS

These consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provisions of the Act.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(ii) Going concern

These consolidated financial statements are prepared on a going concern basis unless the Holding Company management either intends to liquidate any entities within the Group or has no realistic alternative but to do so, in which case the financial statements of such entities are prepared and consolidated on a liquidation basis (i.e. "break up" basis).

(iii) Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis, except for the following:

- defined benefits plans – plan assets are measured at fair value;
- share-based payments are measured at fair value; and
- investment in mutual funds and investment in compulsorily convertible preference shares of associate are measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Act. Based on the nature of products and the time between the acquisition of asset for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current / non- current classification of assets and liabilities.

(iv) New and amended standards adopted

The Ministry of Corporate Affairs had vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the "Rules") which amended certain accounting standards, and are effective 1st April 2023.

- Disclosure of accounting policies – amendments to Ind AS 1
- Definition of accounting estimates – amendments to Ind AS 8
- Deferred tax related to assets and liabilities arising from a single transaction – amendments to Ind AS 12. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the Group's accounting policy already complies with the new mandatory treatment.

The material accounting policy information related to preparation of the Consolidated Financial Statements have been disclosed in the respective notes.

Note 2: Critical estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual result. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

The areas involving critical estimates and judgements are:

- Estimation of provisions recognised and contingent liabilities disclosed in respect of tax matters – Notes 9, 18, and 43;
- Impairment of trade receivables and other financial assets - Notes 6, 11 and 32(A).

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group holds perpetual franchise right for the Bengaluru team of IPL. The limited over version of the game which was first introduced in 1970s is continuing even now after 50 years and an even shorter version (20 overs) introduced in 2000s is more popular than the 50 overs format. Although the Management regards the useful life as indefinite, as a measure of prudence a useful life of 50 years/ IPL seasons is considered as appropriate and the rights are amortized over 50 years/ IPL seasons having regard to the following factors:

i. The game of cricket has been in existence for over 100 years and there is no indication of interest in the game and the commercial prospects waning;

ii. The shorter version of the game is increasingly popular;

iii. The commercial exploitation of the shorter version is on an increasing scale and is expected to reach the scale which other games like soccer have reached;

iv. IPL and its teams have acquired brand status and teams are not identified with countries or geographies but with brand names; and

v. The franchisees have the intent and ability to provide the necessary financial and other resources required to obtain the expected future economic benefits from this for at least 50 years.

The carrying value of the capitalized rights would be assessed for impairment at every balance sheet date.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

3.1 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation, and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method as per the estimated useful lives of assets as below:

Asset category	Useful life (in years)
Building	
- Roads	5
- Buildings	5 - 60
Plant and Equipment	
- Wooden Casks	7 - 15
- Others	7 - 15
Furniture and Fittings	10
Office Equipment	
- Computers	3
- Servers	3
- Others	5
Vehicles	5

Useful lives of asset classes determined by management estimate, which are different than those prescribed under Schedule II of the Act are supported by internal technical assessment of the useful lives. Estimated useful lives based on technical evaluation considers the impact of additional depreciation for working extra shifts.

Refer note 49.2 for other accounting policy relevant to property, plant & equipment.

3.1 Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fittings	Office Equipment	Vehicles	Total
Year ended March 31, 2023							
Gross carrying amount							
Opening	273	499	1,361	44	72	2	**2,251**
Additions	10	23	107	3	3	-	**146**
Transfer pursuant to sale of business undertaking [Refer note 47(a)]	-	(21)	(222)	(1)	(3)	(0)	**(247)**
Disposals	(6)	(5)	(35)	(0)	(0)	(0)	**(46)**
Transfer to investment property	(25)	(32)	-	-	-	-	**(57)**
Disposal of wholly owned subsidiary	(1)	(19)	(15)	(0)	-	-	**(35)**
Closing gross carrying amount	**251**	**445**	**1,196**	**46**	**72**	**1**	**2,012**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fittings	Office Equipment	Vehicles	Total
Accumulated depreciation and impairment							
Opening	16	163	772	33	50	1	**1,035**
Depreciation charge during the year	-	20	103	2	8	-	**133**
Transfer pursuant to sale of business undertaking [Refer note 47(a)]	-	(7)	(148)	(1)	(1)	(0)	**(157)**
Impairment during the year [refer note (a) below]	61	44	-	4	-	-	**109**
Disposals	-	(4)	(35)	(0)	(0)	(0)	**(39)**
Transfer to investment property	(3)	(29)	-	-	-	-	**(32)**
Disposal of wholly owned subsidiary	-	(7)	(8)	(0)	-	-	**(15)**
Closing accumulated depreciation and impairment	**74**	**180**	**684**	**38**	**56**	**1**	**1,034**
Net carrying amount as at March 31, 2023	**178**	**265**	**512**	**7**	**16**	**0**	**978**
Year ended March 31, 2024							
Gross carrying amount							
Opening	251	445	1,196	46	72	1	**2,012**
Additions	3	10	109	1	3	-	**126**
Disposals	-	(1)	(23)	(3)	(20)	-	**(47)**
Transfer to investment property	(113)	(85)	-	-	-	-	**(198)**
Closing gross carrying amount	**141**	**369**	**1,282**	**44**	**55**	**1**	**1,893**
Accumulated depreciation and impairment							
Opening	74	180	684	38	56	1	**1,034**
Depreciation charge during the year	0	19	92	3	7	0	**121**
Impairment during the year [refer note (a) below]	-	10	9	1	-	-	**20**
Assets written off provision during the year	-	-	1	-	-	-	**1**
Disposals	-	-	(19)	(3)	(20)	-	**(42)**
Transfer to investment property	(20)	(65)	-	-	-	-	**(85)**
Closing accumulated depreciation and impairment	**54**	**144**	**767**	**39**	**43**	**1**	**1,049**
Net carrying amount as at March 31, 2024	**87**	**225**	**515**	**5**	**12**	**0**	**844**

Note:

(a) The Group has taken an exceptional charge of ₹ 20 crores (2023: ₹ 109 crores) towards impairment of property, plant and equipment covered under supply agility programme by writing down their carrying amounts to their net recoverable amounts. (Refer note 29(b)).

Property, plant and equipment pledged as security

Refer to note 34 for information on property, plant and equipment pledged as security by the Group.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

3.2 Right of use assets and lease liability

As a lessee

The Group recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments, for example arrangements that require payments based on agreed minimum production volumes),
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group uses that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment and furniture.

This note provides information for leases where the Group is a lessee. The Group has taken on lease land, offices, warehouses, plant and equipment and office equipment. Lease contracts are typically entered into for 30 years to 100 years for leasehold land and for periods of 11 months to 5 years for other categories, and may have extension options as described in Note (c) below. Some of the leasing arrangements entered into by the Group include non-cancellable lease terms.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(i) Amounts recognised in balance sheet

Particulars	As at March 31, 2024	As at March 31, 2023
Right-of-use assets		
Leasehold land	5	6
Buildings	19	20
Plant and equipment	201	140
Office equipment	2	7
Total	**227**	**173**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Movement of right-of-use assets during the year		
Opening	173	261
Additions / adjustments	184	86
Depreciation for the year	(129)	(130)
Termination of leases	-	(44)
Transfer to investment property	(1)	(0)
Closing	**227**	**173**
Lease liabilities		
Current	103	102
Non-current	137	80
Total	**240**	**182**

(ii) Amounts recognised in the Statement of Profit and Loss

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
a) Depreciation charge of right-of-use assets			
Leasehold land		0	0
Buildings		9	10
Plant and equipment		115	115
Office equipment		5	5
Total	26	**129**	**130**
b) Interest expenses (included in finance cost)	28	21	16
c) Lease related expenses included in rent expenses			
Short term leases		14	9
Leases of low value assets		4	0
Variable lease payments (not included in lease liabilities)		182	222
Total	27	**200**	**231**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(iii) The total cash outflow for leases for the year ended March 31, 2024 was ₹ 347 crores (2023: ₹ 371 crores).

Notes:

(a) Additions / adjustments to the right-of-use assets for year ended March 31, 2024 aggregate to ₹ 184 Crores (2023: ₹ 86 crores).

(b) Variable lease payments

The Group has lease contracts for plant and equipment that contain variable payments. Variable lease payments that depend on production volumes are recognised in the statement of profit and loss in the period in which the condition that triggers those payments occurs. Any changes in production under contracts which includes variable lease payments, would have a proportionate impact on the variable lease payments. Certain agreements contain clauses for minimum production volumes and hence portion of lease payments in these agreements are 'in-substance fixed'. "In-substance" fixed lease payments are included in the determination of the lease liabilities and consequently included in determining the value of right-of-use assets.

(c) Extension and termination options

Extension and termination options are included in a number of property and equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management considers contractual terms and conditions, leasehold improvements undertaken, costs relating to termination of lease, incentives received from the Government (if any) and significance of the underlying asset to the Group's operations in determining the lease term for the purpose of recognising/ measuring the lease liability.

3.3 Capital work-in-progress

Movement of capital work-in-progress set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening	67	88
Additions	96	114
Assets capitalised during the year	(126)	(135)
Closing	**37**	**67**

The ageing schedule for capital work in progress is set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Projects in progress		
Less than 1 year	24	40
1-2 years	9	19
2-3 years	2	8
More than 3 years	2	0
Total	**37**	**67**

Projects under suspension amounted to ₹ 1 crores (2023 : Nil).

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Expected completion timelines of CWIP projects whose completion is overdue or has exceeded its cost compared to its original plan is set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Less than 1 year		
Health, safety and environment protection projects	1	6
Brand innovation projects	4	8
Support core growth projects	6	7
Productivity improvement projects	7	14
Others	9	8
Total	**27**	**43**
1-2 years		
Others	0	-

3.4 Intangible assets

Brands and licenses

Licenses acquired are carried at cost less accumulated amortisation and impairment losses, if any. Brands are regarded as having indefinite useful lives and are not amortised, but are assessed for impairment at every reporting date.

Computer software

Computer software acquired or developed are carried at cost less accumulated amortisation and impairment losses, if any. Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of customised computer software applications are recognised as intangible assets under development or intangible assets when ready for intended use, when the following criteria are met:

a) it is technically feasible to complete the software so that it will be available for use,

b) there is an ability to use or sell the software,

c) it can be demonstrated that the software will generate probable future economic benefits,

d) adequate technical, financial and other resources to complete the development and to use the software are available, and

e) the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the customised software applications include employee costs and other directly attributable costs are amortised from the point at which the software asset is available for use.

Franchisee right

A wholly owned subsidiary in the Group owns perpetual right to the Bengaluru Franchisee of "BCCI in Indian Premier League" (BCCI – IPL). Franchisee right acquired is carried at cost less accumulated amortisation and impairment losses, if any.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Amortisation method and useful lives

The Group amortises intangible assets with finite useful life using the straight-line method over their estimated useful lives as follows:

Asset category	Useful life (in years)
Licenses	Over the license period
Computer software	5 years
Franchisee rights	50 years/ IPL seasons

Refer note 49.3 for other accounting policy relevant to intangible assets.

Particulars	Other intangible assets					Goodwill
	Brands	License	Computer software	Franchise right [Refer note (a) below]	Total	
Year ended March 31, 2023						
Gross carrying amount						
Opening	11	4	50	400	**465**	**139**
Additions to internally developed intangible assets	-	-	19	-	**19**	**-**
Transfer pursuant to sale of business undertaking (Refer note 47(a))	-	(3)	-	-	**(3)**	**(20)**
Closing gross carrying amount	**11**	**1**	**69**	**400**	**481**	**119**
Accumulated amortisation and impairment						
Opening	11	3	27	66	**107**	**118**
Amortisation charge for the year	-	0	11	8	**19**	**-**
Transfer pursuant to sale of business undertaking (Refer note 47(a))	-	(2)	-	-	**(2)**	**-**
Closing accumulated amortisation and impairment	**11**	**1**	**38**	**74**	**124**	**118**
Net carrying amount as at March 31, 2023	**-**	**-**	**31**	**326**	**357**	**1**
Year ended March 31, 2024						
Gross carrying amount						
Opening	11	1	69	400	**481**	**119**
Additions to internally developed intangible assets	-	-	18	-	**18**	**-**
Closing gross carrying amount	**11**	**1**	**87**	**400**	**499**	**119**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	Other intangible assets					Goodwill
	Brands	License	Computer software	Franchise right [Refer note (a) below]	Total	
Accumulated amortisation and impairment						
Opening	11	1	38	75	**125**	118
Amortisation charge for the year	-	-	14	11	**25**	-
Closing accumulated amortisation and impairment	**11**	**1**	**52**	**86**	**150**	**118**
Net carrying amount as at March 31, 2024	**-**	**-**	**35**	**314**	**349**	**1**

Notes:

a) The Group has estimated the useful life of the IPL franchisee right to be 50 years/ IPL seasons based on the assessment performed. The actual useful life may be different depending on various circumstances. If the useful life were shorter by 5 years, the carrying amount of franchise right would be ₹ 289 crores (2023: ₹ 305 crores). If the useful life were longer by 5 years, the carrying amount would be ₹ 333 crores (2023: ₹ 338 crores)

b) The carrying amount of franchise right will be amortized over the remaining period of 34 years/IPL seasons. (2023: 35 years/IPL seasons).

c) Management has performed an impairment assessment and determined that no impairment of goodwill is required as at March 31, 2024.

3.5 Intangible assets under development

Movement of intangible assets under development set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening	16	8
Additions	2	27
Intangible assets capitalised during the year	(18)	(19)
Closing	**-**	**16**

The ageing schedule for intangible assets under development is set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Projects in progress		
Less than 1 year	-	7
1-2 years	-	9
Total	**-**	**16**

There were no projects under suspension as at March 31, 2024 and March 31, 2023.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Expected completion timeline of intangible assets under development projects whose completion is overdue or has exceeded its cost compared to its original plan is set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Less than 1 year		
ERP related development project	-	2
Business application related development project	-	13
Others	-	1
Total	**-**	**16**

There were no projects which are expected to be completed after the expiry of one year.

3.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Movement of investment property is set-out below:

Particulars	As at March 31, 2024	As at March 31, 2023
Gross carrying amount		
Opening	57	-
Transfer from property, plant and equipment	198	57
Transfer from right-of-use assets	2	0
Disposals	(14)	-
Closing gross carrying amount	**243**	**57**
Accumulated depreciation and impairment		
Opening	32	-
Transfer from property, plant and equipment	85	32
Transfer from right-of-use assets	1	-
Depreciation and impairment on disposal	(14)	-
Closing accumulated depreciation and impairment	104	32
Net carrying amount	**139**	**25**

Estimation of fair value:

The Group obtains independent valuations for its investment property. The best evidence of fair value is current prices in an active market for similar properties. When such information is not available, the Group considers information from a variety of sources including:

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(a) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;

(b) discounted cash flow projections based on reliable estimates of future cash flows; and

(c) capitalised income projection based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair value of investment property has been determined by a valuation expert who holds relevant professional qualification and experience. The market value of the investment property has been assessed on an open market basis with the benefit of vacant possession. In the course of valuation, a direct comparison method has been adopted by making a reference to the relevant market transaction in land and building where the investment property is located. The appropriate adjustments have been made in order to account for the differences between the subject property and comparable terms of time, floor level, view, condition, quality and facilities etc. All resulting fair value estimates for investment properties are included in level 3.

Notes:

(a) Fair value of investment property is ₹ 485 crores (2023: ₹ 146 crores).

(b) There are restrictions on realisability of few investment properties.

(c) There is no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(d) Opening and closing cost of buildings includes payments below rounding off norms adopted by the Group towards fully paid shares held in a co-operative housing society for the purpose of acquiring the right of occupation in respect of which Group is in possession of photocopy of share certificate in co-operative society.

4.1 Investments accounted for using equity method

An analysis of the Group's interests in associates is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening	10	-
Acquired during the year	-	12
Share of total comprehensive losses for the year	(1)	(1)
As at the end of the year	**9**	**10**

Management has determined that its investment in associate is not material to the Group.

The financial information of the associate is as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit/ (Loss) after tax	(11)	(15)
Other comprehensive income	-	(0)
Total comprehensive income	**(11)**	**(15)**

Note: Also refer note 4.2 below

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

4.2 Investments- Non current

Investment in compulsory convertible preference shares (CCPS) carried at fair value through profit and loss (fully paid-up)	As at March 31, 2024	As at March 31, 2023
Nao Spirits & Beverages Private Limited [Refer note below]	37	20
[14,172 CCPS (2023: 8,094) having face value of ₹ 10 each]		
As at the end of the year	**37**	**20**

Note:

During the prior year, the Group acquired the interest in Nao Spirits & Beverages Private Limited ("Nao Spirits") by investing ₹ 32 crores by subscribing to 8,094 Compulsory Convertible Preference Shares and 4,670 equity shares. During the year, the Group infused additional amount of ₹ 15 crores by subscribing to 6,078 Compulsorily Convertible Preference Shares. The Group holds 30% (2023: 22.5%) ownership interest on a fully diluted basis (11% of equity ownership interest) as at March 31, 2024. Management has considered Nao Spirits to be an associate since the Company has significant influence over its operating and financing decisions.

In accordance with the Shareholder's agreement, the Group has a right (not an obligation) to purchase all or any of the shares held by promoters, existing investors and other shareholders upon occurrence of earlier of the Nao Spirits achieving the specified sales volume threshold (or) March 31, 2025. The exercise price of the call option shall be determined in accordance with a formula specified in the Shareholder's Agreement. As at March 31, 2024, fair value of the said call option has been determined to be immaterial.

4.3 Investments- Current

(i) Debt instruments:

On initial recognition, the debt instruments are measured at fair value. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset

- Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.
- Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.
- Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

(ii) Investment in mutual fund:

On initial recognition, these are measured at fair value, and subsequently, carried at fair value through profit and loss.

	As at March 31, 2024	As at March 31, 2023
Quoted		
Money market funds	499	240
Treasury bills at amortized cost	100	-
Non-convertible debentures	-	16
Total current investments	**599**	**256**
Aggregate amount of quoted investments	599	256
Aggregate market value of quoted investments	599	256

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

5. Loans

	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Loan to UBHL and related entities [Refer note 41A(d)]	-	1,238	-	1,238
Loans to employees	1	-	1	-
Loan to others	9	-	15	-
	10	**1,238**	**16**	**1,238**
Less: Loss allowance				
Loan to UBHL and related entities [Refer note 41A(d)]	-	(1,238)	-	(1,238)
	-	(1,238)	-	(1,238)
Total loans	**10**	**-**	**16**	**-**

	As at March 31, 2024	As at March 31, 2023
Details of securities/ categorisation of credit risk on loans		
Loans considered good- secured	9	15
Loans considered good- unsecured	1	1
Loans- credit impaired	1,238	1,238
Total	**1,248**	**1,254**
Less: Loss allowance	(1,238)	(1,238)
Total loans	**10**	**16**

Refer note 32 for information about financial risk management.

6. Other financial assets

	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Balances with banks [Refer note below]	-	46	63	82
Receivable from related parties [Refer note 37(c)(i)]	1	-	0	-
Government grant	16	72	27	72
Receivable from Tie-up manufacturing units	7	25	71	9
Security deposits	13	17	23	5
Other receivables	1	14	2	13
	38	**174**	**186**	**181**
Less: Loss allowance				
Government grant	-	(15)	-	(13)
Receivable from Tie-up manufacturing units	-	(25)	(39)	(9)
Security deposits	-	(9)	(10)	-
Other receivables	(1)	(14)	(1)	(13)
	(1)	**(63)**	**(50)**	**(35)**
Total other financial assets	**37**	**111**	**136**	**146**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Notes:

Balances with banks comprise of:

(a) Deposit of ₹ 46 crores (2023: ₹ 46 crores) as at 31st March, 2024 with a bank in suspense account (Refer note 41A(e)).

(b) Term deposit of Nil (2023: ₹ 34 crores) as at 31st March, 2024 with a bank kept under escrow pending resolution of various taxation matters in connection with a sale of business undertaking in an earlier year.

(c) Deposit of Nil (2023 : ₹ 63 crores) with a bank kept under escrow subject to fulfilment of certain conditions [Refer note 47(a)].

(d) Margin money against bank guarantees ₹ 0 crore (2023: ₹ 0 crore).

(e) Represents bank deposits under lien in respect of bank guarantees provided to tax authorities ₹ 0 crore (2023: ₹ 2 crores).

Refer note 32 for information about financial risk management.

7. Deferred tax assets (net)

	As at March 31, 2024	As at March 31, 2023
Deferred tax assets		
Allowance for doubtful receivable balances	71	61
Expenses allowed on payment basis	86	78
Carried forward tax losses and unabsorbed depreciation	0	29
Indexation benefit on land	11	7
Lease liabilities	60	30
Others	23	23
	252	**228**
Deferred tax liabilities		
Difference between carrying amount and tax base of property, plant and equipment, investment property and intangible assets	92	91
Right-of-use assets	56	25
	148	**116**
	104	**112**
Deferred tax assets (net)	**177**	**157**
Deferred tax liabilities (net)	**73**	**45**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Movement in deferred tax assets

	Doubtful receivable balances	Expenses allowed on payment basis	Difference between carrying amount and tax base of property, plant and equipment and intangible assets	Indexation benefit on land	Depreciation and amortization	Right-of-use assets	Lease liabilities	Others	Total
At April 01, 2022	**80**	**84**	**27**	**7**	**(105)**	**3**	**(3)**	**7**	**100**
(Charged) / Credited:									
- to profit and loss	(19)	(6)	2	-	14	(28)	33	16	12
- to other comprehensive income	-	0	-	-	-	-	-	-	0
At March 31, 2023	**61**	**78**	**29**	**7**	**(91)**	**(25)**	**30**	**23**	**112**
(Charged) / Credited:									
- to profit and loss	10	8	(29)	4	(1)	(31)	30	(0)	(9)
- to other comprehensive income	-	1	-	-	-	-	-	-	1
At March 31, 2024	**71**	**87**	**-**	**11**	**(92)**	**(56)**	**60**	**23**	**104**

8. Income tax balances

	As at March 31, 2024	As at March 31, 2023
Current tax liabilities (net of advance tax)	332	283
Current tax assets (Non-current) (net of provision for current tax)	1,358	1,336
Closing balance	**1,026**	**1,053**

Note:

(a) The above balances include amounts paid under protest of ₹ 1,481 crores (2023: ₹ 1,344 crores) pertaining to various assessment years.

9. Other assets

	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Capital advances (Refer note (b) below)				
Considered good	-	6	-	6
Balances with government authorities (Refer note (a) below)				
Considered good	122	182	116	201
Considered doubtful	25	18	21	20
Advances to suppliers				
Considered good	76	-	50	-
Considered doubtful	-	84	7	78
Net surplus in gratuity plan [Refer note 39(b)C]	-	30		33
Pre-paid expenses	145	-	113	-
	368	**320**	**307**	**337**
Less: Loss allowance	(25)	(102)	(28)	(96)
Total other assets	**343**	**218**	**279**	**241**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Notes:

(a) Balance with government authorities includes:

(i) ₹ 123 crores (2023: ₹ 132 crores) paid under protest in respect of disputed indirect tax matters; and

(ii) ₹ 5 crores (2023 : ₹ 2 crores) paid under protest in respect of water charges (refer note 18).

(b) Capital advances considered good includes an amount of ₹ 2 crores (2023 : ₹ 2 crores) being advance paid towards purchase of land pursuant to an "agreement to sell" entered by the Group with the owners of the land. This matter is currently litigated at the High Court of Bombay.

10. Inventories

(Valued at lower of cost and net realisable value)

Raw materials, stores and spares, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Excise duty, as applicable, is included in the valuation.

Costs of purchased inventory are determined after deducting rebates and discounts.Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

	As at March 31, 2024	As at March 31, 2023
Raw materials	472	447
[including materials in transit ₹ 82 crores (2023: ₹ 49 crores)]		
Work-in-progress [Refer note (a) below]	636	602
Finished goods	500	550
[including goods in transit ₹ 56 crores (2023: ₹ 27 crores)]		
Stock-in-trade	266	390
[including goods in transit ₹ 64 crores (2023: ₹ 34 crores)]		
Packing materials	172	226
[including materials in transit ₹ 8 crores (2023: ₹ 7 crores)]		
Stores and spares	17	15
Total inventories	**2,063**	**2,230**

Notes:

(a) Allowance for obsolete inventories (net) for the year amounting to ₹ 67 crores (2023: ₹ 19 crores) has been recognised as an expense during the year and is included in cost of materials consumed and change in inventories of finished goods, work-in-progress and stock-in-trade in the Statement of Profit and Loss.

(b) Inventories include inventory held by tie up manufacturing units amounting to ₹ 82 crores (2023: ₹ 175 crores).

(c) For details of Inventories pledged as security Refer note 34.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

11. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflect the Group's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

For trade receivables and contract assets, the Group applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current*	Current	Non-current
From contract with customers - related parties [Refer note 37(c)(ii)]	2	-	6	-
From contract with customers	3,227	365	2,549	-
	3,229	**365**	**2,555**	**-**
Less: Loss allowance	(173)	-	(121)	-
Total trade receivables	**3,056**	**365**	**2,434**	**-**
Details of securities/ categorisation of credit risk of trade receivables				
Trade Receivables considered good- unsecured	3,229	365	2,555	-
Total	**3,229**	**365**	**2,555**	**-**
Less: Loss allowance	(173)	-	(121)	-
Total trade receivables	**3,056**	**365**	**2,434**	**-**

*Refer note 41(B)

Notes:

(a) Includes unbilled receivables of ₹ 94 crores (2023: ₹ 35 crores)

(b) Refer note 32 for information about financial risk management

Trade receivables ageing schedule is set-out below:	As at March 31, 2024	As at March 31, 2023
Undisputed - considered good		
Unbilled dues	94	35
Not due	2,298	2,314
Less than 6 months	731	108
6 months -1 year	20	24
1-2 Years	22	19
2-3 years	8	6
More than 3 years	23	25
Sub-total	**3,196**	**2,532**
Disputed - considered good		

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Trade receivables ageing schedule is set-out below:	As at March 31, 2024	As at March 31, 2023
Unbilled dues	-	-
Not due	221	-
Less than 6 months	145	1
6 months -1 year	4	2
1-2 Years	7	3
2-3 years	4	4
More than 3 years	17	14
Sub-total	**398**	**24**
Less: Loss allowance	(173)	(121)
Total	**3,421**	**2,434**

12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and balances with banks that are readily convertible to known amounts of cash and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Highly liquid investments also includes overnight and liquid mutual funds which the Company has intention to hold for very short period of time to manage day to day cashflow.

	As at March 31, 2024	As at March 31, 2023
Balances with banks		
In current account	99	104
Term deposits with original maturity of less than three months	397	-
Other cash equivalents		
Overnight and liquid mutual funds	547	-
Cheques on hand	9	11
Total cash and cash equivalents	**1,052**	**115**

13 Bank balances other than cash and cash equivalents

	As at March 31, 2024	As at March 31, 2023
In unpaid dividend accounts	0	0
In unpaid public deposit accounts [Refer note (a) below]	0	0
Bank deposits due to mature within 12 months from the reporting date [Refer note (b) below]	219	768
	220	**768**
Less : Loss allowance	(3)	-
Total bank balances other than cash and cash equivalents	**217**	**768**

Notes:

a) Includes ₹ 0 crores (2023: ₹ Nil) transferred to a separate non-interest bearing escrow account pertaining to unclaimed public deposits which had matured in earlier years and for which duly discharged deposit receipts were not received from deposit holders.

b) Includes ₹ 7 crores (2023 : ₹ 5 crores) being term deposits with banks held under lien.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

14 Equity share capital

	As at March 31, 2024	As at March 31, 2023
Authorised		
2,82,75,00,000 equity shares of ₹ 2 each (2023: 2,82,75,00,000 equity shares of ₹ 2 each)	565	565
17,37,00,000 preference shares of ₹ 10 each (2023: 17,37,00,000 preference shares of ₹ 10 each)	174	174
	739	**739**
Issued, subscribed and paid-up		
72,73,50,853 equity shares of ₹ 2 per share (2023: 72,73,50,853 equity shares of ₹ 2 per share fully paid up)	145	145
	145	**145**

(a) Reconciliation of the number of shares outstanding

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	72,73,50,853	145	72,66,38,715	145
Add: Equity shares issued during the year	-	-	7,12,138	0
Balance at the end of the year	**72,73,50,853**	**145**	**72,73,50,853**	**145**

(b) Rights, preferences and restrictions attached to equity shares

The Holding Company has one class of equity shares having a face value of ₹ 2 per share. Each holder of the equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any in proportion to their holdings.

(c) Shares held by USL's holding / ultimate holding company and / or their subsidiaries / associates

Out of the equity shares issued by the Holding Company, shares held by USL's holding company are as below:

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Diageo Relay B V (wholly owned subsidiary of Diageo Plc.) [Refer note (i) below]	40,64,47,245	81	40,64,47,245	81
	40,64,47,245	**81**	**40,64,47,245**	**81**

(d) The Group has not issued any shares for consideration other than cash during the period of five years immediately preceding the reporting date except for 7,12,138 shares allotted to the shareholders of Pioneer Distilleries Limited (PDL) as a result of amalgamation during the year ended March 31, 2023.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(e) Details of shareholders holding more than 5% shares in the Holding Company.

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Diageo Relay B V [Refer note (i) below]	40,64,47,245	55.88%	40,64,47,245	55.88%

(f) There are no shares reserved for issue under options and contracts / commitments for the sale of shares.

(g) There are no bonus shares issued or bought back during the period of five years immediately preceding the reporting date.

(h) Details of shares in the Company held by subsidiaries, associates or controlled trusts

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% of Holding	No. of Shares	% of Holding
USL Benefit trust [Refer note (j) below]	1,72,95,450	2.38%	1,72,95,450	2.38%

(i) On December 20, 2013, the Honorable Karnataka High Court passed an order in the matter involving United Breweries (Holdings) Limited (UBHL) and its creditors and the Diageo Plc. setting aside an earlier leave order which permitted UBHL to sell 1,01,41,437 equity shares of ₹ 10 each (prior to the face value of the shares being split from ₹ 10 each to ₹ 2 each during the year ended March 31, 2019) in the Company to Diageo Relay B V, pending disposal of the winding up petitions against UBHL. On the above matter, UBHL and Diageo plc. have approached the Honorable Supreme Court by way of special leave petitions (SLPs) challenging the order of the division bench. Pending, disposal of the above SLPs, the Honorable Supreme Court has directed that status quo be maintained in respect of the above mentioned transaction of sale of shares to Diageo Relay B V. Such shares are included in arriving at Diageo Relay BV's shareholding in the Holding Company.

(j) Investment as a sole beneficiary in USL Benefit Trust (the 'Trust') was made as per the terms of composite scheme of arrangement approved by the Honourable High Court of Karnataka and High Court of Bombay, upon amalgamating various companies with United Spirits Limited. The Trust has been established for the exclusive benefit of the Holding Company and holds 1,72,95,450 equity shares of ₹ 2 face value (2023: 1,72,95,450 equity shares of ₹ 2 face value) of the Holding Company. As per the terms of the aforesaid scheme of arrangement, the Group has carried this investment at the aggregate of book value as per the books of the concerned transferor companies. Also refer Note 34(b) for assets pledged and Note 41A(e).

(k) Disclosure of shareholding of promoters

Name of promoter	As at March 31, 2024		As at March 31, 2023		% Change during the year
	No. of Shares	% of total Shares	No. of Shares	% of total Shares	
Diageo Relay B V	40,64,47,245	55.88%	40,64,47,245	55.88%	-
United Breweries Holdings Limited	55,55,265	0.76%	55,68,895	0.77%	0.01%
Vijay Mallya	62,550	0.01%	62,550	0.01%	-
Vittal Investments Private Limited	1,56,350	0.02%	1,56,350	0.02%	-
Total	**41,22,21,410**	**56.67%**	**41,22,35,040**	**56.68%**	**0.00**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

15 Reserves and surplus

	As at March 31, 2024	As at March 31, 2023
Capital reserve	568	568
Capital redemption reserve	70	70
Securities premium account	4,568	4,568
Treasury shares	(120)	(120)
Central subsidy	5	5
Share based incentive reserve	1	1
Foreign currency translation reserve	18	19
Contingency reserve	11	11
General reserve	1,041	1,041
Retained earnings	814	(308)
Total reserves and surplus	**6,976**	**5,854**

Nature and purpose of reserves:

a) **Capital reserve:** Created pursuant to a Scheme of Amalgamation between the Company and SW Finance Co. Limited, sanctioned by the Honourable High Court of Karnataka and Honourable High Court of Bombay under the orders dated June 12, 2015 and August 28, 2015, respectively.

b) **Capital redemption reserve:** Capital Redemption Reserve is created for an amount equivalent to the nominal value of shares redeemed in earlier years by the Company (including the erstwhile Companies that were merged with the Company through several schemes of amalgamations / mergers).

c) **Securities premium account:** Securities premium account is credited when shares are issued at premium. The balance is utilised in accordance with the provisions of the Act.

d) **Treasury shares:** Pursuant to the terms of composite scheme of arrangement approved by the Honourable High Courts of Karnataka and Bombay, upon amalgamating various companies with United Spirits Limited, USL Benefit Trust (of which Company is the sole beneficiary) held 1,72,95,450 (post - split) shares in the Company (own shares). As per the term of the aforesaid scheme of arrangement, the Company has carried the aggregate value of such shares as per the books of the concerned transferor companies as investment in its standalone financial statements. For the purpose of consolidated financial statements such investment has been shown as treasury shares.

e) **Central subsidy:** The balance is taken over on amalgamation of Shaw Wallace Distilleries Limited with the Company during the year ended March 31, 2006 as per the terms of the arrangement approved by the Honorable High Courts of Karnataka and Bombay.

f) **Share based incentive reserve :** The share-based incentive reserve is used to recognise grant date fair value of Diageo Plc's share options under the group share-based payment arrangements. Recharges under this arrangement are debited to this reserve.

g) **Foreign currency translation reserve:** Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in this separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment in a foreign operation is disposed off.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

h) **Contingency reserve:** The balance is taken over on amalgamation of McDowell Spirits Limited with the Company during the year ended March 31, 2001 as per the terms of the arrangement approved by the Honorable High Court of Karnataka.

i) **General reserve:** The general reserve is created by way of transfer of profits from retained earnings for appropriation purposes. This reserve is utilised in accordance with the provisions of the Act.

j) **Retained earnings:** Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

16. Borrowings

	Maturity date	Terms of repayment	Coupon/ interest rate	As at March 31, 2024	As at March 31, 2023
Non-current					
Unsecured					
Sales tax deferment liability [Refer note (a) below]	April 21, 2024	Repayable in five equal annual installments (2019-20 to 2024-25)	12% p.a.	0	1
				0	**1**
Less: Current maturities of deferred sales tax liability				0	1
Total non-current borrowings				**-**	**0**
Current					
Unsecured					
Working capital loans from bank [Refer note (b) below]	Payable on demand	Payable on demand	8.5% p.a.	25	-
Total				**25**	**-**
Add: Current maturities of deferred sales tax liability				0	1
Total current borrowings				**25**	**1**
Total borrowings				**25**	**1**

Notes:

a) Sales tax collected under deferral scheme of State Government of Maharashtra for 11 years (from 1999-00 to 2009-10) and is repayable in 5 equal annual installments with final installment due in 2024-25.

b) Net debt reconciliation

(i) Net debt summary:

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
Non-current borrowings	16	-	0
Current borrowings	16	25	1
Lease liabilities	3.2	240	182
Total debt		265	183
Less: Cash and cash equivalents	12	1,052	115
Net debt/ (cash)		**(787)**	**68**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(ii) Movements in net debt:

Particulars	Lease liabilities	Sales tax deferment	Working capital loans	(Less) Cash and cash equivalents	Net debt
Balance as on April 1, 2022	**264**	**2**	**339**	**(55)**	**551**
Acquisition- leases (net)	42	-	-	-	**42**
Net proceeds from / (Repayment of) borrowings	-	-	(339)	-	**-**
Net proceeds from / (Repayment of) working capital loans	-	-	-	-	**(339)**
Interest expense (Refer note 28)	16	-	20	-	**36**
Interest paid	(16)	-	(20)	-	**(36)**
Principal lease payments	(124)	-	-	-	**(124)**
Cash outflows / (inflows)	-	(1)	-	(61)	**(62)**
Net debt as at March 31, 2023	**182**	**1**	**-**	**(115)**	**68**
Acquisition- leases (net)	184	-	-	-	**184**
Net proceeds from / (Repayment of) borrowings	-	-	25	-	**25**
Interest expense (Refer note 28)	21	-	-	-	**21**
Interest paid	(21)	-	-	-	**(21)**
Principal lease payments	(126)	-	-	-	**(126)**
Cash outflows / (inflows)		(1)		(937)	**(938)**
Net debt as at March 31, 2024	**240**	**0**	**25**	**(1,052)**	**(787)**

17. Other financial liabilities

	As at March 31, 2024	As at March 31, 2023
Current		
Unpaid / unclaimed dividends (Refer note (a) below)	0	0
Others		
Due to Tie-up manufacturing units	43	60
Capital creditors	20	20
Employee benefits payables	100	143
Others	113	62
Total other financial liabilities	**276**	**285**

Note:

(a) As at March 31, 2024 no balances are due to be transferred to IEPF (2023: Nil)

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

18. Provisions

	As at March 31, 2024		As at March 31, 2023	
	Current	Non-current	Current	Non-current
Employee benefits				
Provident Fund obligation [Refer note 39(b)C]	-	-	6	-
Compensated absences	33	-	37	-
Pension liability [Refer note 39(b)C]	0	-	0	1
Share appreciation rights [Refer note 35]	29	15	16	11
Provision for indirect tax and other legal matters [Refer note (a) below]	306	-	312	-
Commitment towards "Raising the Bar" programme [Refer note (b) below]	0	-	2	-
Total provisions	**368**	**15**	**373**	**12**

Notes:

(a) Movement in provisions

Description	As at April 1, 2023	Additions/ (amounts written back)	Amounts utilised	As at March 31, 2024
Indirect taxes and other legal matters [refer (i) below]	312	(6)	-	**306**

(b) Movement in Commitment towards "Raising the Bar" programme

Description	As at April 1, 2023	Additions/ (amounts written back)	Amounts utilised	As at March 31, 2024
Commitment towards "Raising the Bar" programme	2	-	2	**0**

(i) Provision for indirect tax and other legal matters includes provision for water charges in the State of Maharashtra. The Holding Company has filed petition before the High Court of Bombay, challenging multiple demands raised by Water Resources Department, State of Maharashtra, levying additional water charges and an interim relief against any coercive steps has been received. The Holding Company has received further demands from the said Department levying water charges at a higher rate along with penalties for the period November 2018 to March 2024. Based on a legal opinion obtained, Management has determined that the provision recorded in the books represents probable cash outflows on account of additional water charges. Any further cash outflows in addition to the provision amount on account of this matter are considered remote.

(ii) Provision is made for probable cash outflow arising out of pending or potential indirect tax disputes / litigations. It is not practicable for the Company to estimate the timing of the cash outflows, if any, in respect of the above, pending resolution of respective proceedings. Refer note 9 for payments made under protest in respect of indirect tax and other legal matters.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

19. Trade payables

	As at March 31, 2024	As at March 31, 2023
Dues to Micro and Small enterprises	70	50
Dues to creditors other than Micro and Small enterprises		
Dues to related parties [Refer note 37(c)(iii)]	228	274
Others	1,656	1,459
	1,884	1,733
Total trade payables	**1,954**	**1,783**

		As at March 31, 2024	As at March 31, 2023
(i)	**Undisputed dues - Micro and small enterprises**		
	Unbilled	6	-
	Not due	52	37
	Less than 1 year	11	12
	1-2 years	0	0
	2-3 years	0	1
	> 3 years	1	0
	Sub-total	**70**	**50**
(ii)	**Undisputed dues - Others**		
	Unbilled	974	855
	Not due	562	627
	Less than 1 year	331	204
	1-2 Years	7	5
	2-3 years	2	34
	> 3 years	8	8
	Sub-total	**1,884**	**1,733**
Total		**1,954**	**1,783**

20. Other current liabilities

	As at March 31, 2024	As at March 31, 2023
Contract liabilities	39	88
Statutory dues	451	371
Liability for taxes on closing inventory (net of prepaid taxes)	355	339
Total other current liabilities	**845**	**798**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

21. Revenue from operations

Revenue comprises revenue from contracts with customers for sale of goods and income from brand franchisee royalties receivable. Revenue from sale of goods is inclusive of excise duties, as applicable, and is net of returns, trade allowances, rebates, value added taxes and such amounts collected on behalf of third parties. Revenue is recognised as and when performance obligations are satisfied by transferring goods or services to the customer, as below:

a. Revenue from sale of products:

Revenue is recognised on transfer of control, being on dispatch of goods or upon delivery to customer, in accordance with the terms of sale.

b. Revenue from manufacture and sale of products from tie-up manufacturing arrangements:

The Group has entered into arrangements with Tie-up Manufacturing Units (TMUs), where-in TMUs manufacture and sell beverage alcohol on behalf of the Group. Under such arrangements, the Group has exposure to significant risks and rewards in such arrangements i.e. it has the primary responsibility for providing goods to the customer, has pricing latitude and is also exposed to inventory and credit risks. The Group is considered to be a principal in such arrangements with TMUs. Accordingly, the transactions of the TMUs under such arrangements have been recorded as gross revenue, excise duty and expenses as if they were transactions of the Group. The Group presents inventory held by the TMUs under such arrangements as its own inventory. The net receivables from/ payable to TMUs are recognised under other financial assets/ other financial liabilities respectively.

c. Income from brand franchise arrangements:

Revenue in respect of fixed income brand franchise arrangements is recognised proportionately in each period. Income from variable franchise arrangements is recognised based on the terms of the respective contracts upon sale of products by the franchisees.

d. Revenue from BCCI-IPL and WPL franchise arrangements:

One of the principal activity of the Group is that of a franchisee playing in the cricket leagues organised by the Board of Control for Cricket in India (BCCI). The Group has determined that it is a principal in all its revenue contracts. Revenue is measured at the amount of transaction price based on the consideration received or receivable as per the contracts with customers.

The revenues from BCCI-IPL and WPL franchise arrangements can be broadly categorised into 'Central rights revenue' earned from BCCI participating in the cricket leagues, and sponsorship revenue and other commercial revenue earned from exploiting the franchisee rights:

Central Rights revenue – The Group considers BCCI as its customer in relation to Central rights revenue, which represents the revenue earned by the Group for participating in cricket leagues. Central rights revenue is by specific agreements with BCCI. The Company receives a share of the net receipts of each season earned by BCCI for participating in the cricket leagues, Central Rights revenue for each league season is recognised on an estimated basis, to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Such revenue is pro-rated for matches played during the year as against the total number of matches playable for the season.

The Group earns play-off revenue from BCCI when it qualifies for additional matches (based on the league ranking) in the cricket league. Play-off revenue is recognised when such matches are played.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Commercial revenue earned from exploiting the franchisee rights:

- Sponsorship and other similar revenue is recognised over the league season, based on number of matches played and terms of contracts with the customers.
- Royalty and licensing revenue is received from customers for usage of the Group's brand name. Revenue is recognised over time based on the terms of contracts with the customers.
- Revenue from sale of tickets for home league matches and events is recognised as and when the matches are played and events are conducted.
- Fee received for transfer of players to another franchisee is recognised when the Group transfers control of rights on the player.

Sponsorship Income, Royalty and licensing fee – The Group receives sponsorship revenue for displaying sponsor's logo/ brand on the players jersey, company website etc. Royalty and licensing revenue is received from customers for usage of RCB brand name, RCB logo, player photograph etc. Revenue from Sponsorship and Royalty and Licensing Contracts are recognised over the period of IPL/WPL league season, based on number of matches played, which corresponds with the period of service.

Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues are reflected in the statement of profit and loss in the period in which the circumstances that give rise to the revision become known to the management.

Contract assets are in the nature of unbilled receivables where the Group has partially satisfied the performance obligation and hence does not have an unconditional right to consideration. Where the Group has an obligation to transfer goods or services to a customer for which the Group has received consideration from the customer in advance, a contract liability is recognised.

The Group does not have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from contracts with customers:		
Sale of products (including excise duty)	25,251	27,449
Revenue from brand franchise arrangements	76	71
Revenue from central rights, sponsorship, sale of tickets and others [Refer notes below]	629	238
	25,956	**27,758**
Other operating revenue:		
Sales of scrap and by-products	51	45
Miscellaneous	11	13
	62	**58**
Total revenue from operations	**26,018**	**27,816**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Notes:

(a) Revenue from operations does not include prize money and other player awards amounting to ₹ 7 crores (2023: ₹ 9 crores) collected from BCCI and other IPL franchises and distributed to concerned players.

(b) Central rights revenue includes ticketing revenue received from BCCI amounting to ₹ 8 crores (2023 : ₹ 2 crores)

(c) Aggregate amount of transaction price allocated to sponsorship revenue that is partially unsatisfied at March 31, 2024 amounted to ₹ 98 crores (2023: Nil). Unsatisfied performance obligations are contractually due to be satisfied within a period of 1 year from the balance sheet date. In the absence of communication from the BCCI regarding share of central right revenue, no amount has been disclosed in relation to the performance obligations under the central rights contract that are unsatisfied at March 31, 2023.

(d) Reconciliation between contract price and revenue recognised

	For the year ended March 31, 2024	For the year ended March 31, 2023
Contract price	27,413	29,129
Less: Items offset against revenue from customers as required by Ind AS 115	(1,457)	(1,371)
Revenue from contracts with customers	**25,956**	**27,758**

(e) Disaggregation of revenue and payments made to customers:

(I) In relation to the Group :

	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Categories of sale of products		
Prestige and above	9,345	8,357
Popular	1,113	1,837
Others	172	122
Add: Excise duty collected from customers	14,697	17,204
	25,327	**27,520**
(ii) Category of services - Revenue from BCCI-IPL and WPL franchise arrangements		
Central rights revenue	422	150
Sponsorship revenue	117	77
Play-off fee	6	4
Revenue from sale of ticket	61	1
Transfer fee	-	2
Royalty and licensing fee	23	4
	629	**238**
Total	**25,956**	**27,758**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(II) In relation to IPL:

	For the year ended March 31, 2024	For the year ended March 31, 2023
Gross revenue	770	286
Less: Franchisee fees paid/ payable to BCCI	(156)	(57)
	614	**229**
Presented under:		
Revenue from Operations	614	229
	614	**229**

III) In relation to WPL:

	For the year ended March 31, 2024	For the year ended March 31, 2023
Gross revenue	40	28
Less: Franchisee fees paid/ payable to BCCI	(90)	(90)
	(50)	**(62)**
Presented under:		
Revenue from operations	15	9
Operational expenses	(65)	(71)
	(50)	**(62)**

Franchisee fee paid to BCCI (net of central rights income received from BCCI), amounting to ₹ 65 crores (2023: 71 crores) for WPL is recognised as an expense for the year ended March 31, 2024.

22. Other income

	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income on fixed deposits and investments held at amortised cost	42	32
Interest income from statutory refund	88	-
Gain on disposal of property, plant and equipment (net)	12	20
Profit on redemption of mutual fund units	47	17
Fair value gains on current investments (net)	18	3
Liabilities no longer required written back	-	0
Bad debts / advances recovered	4	0
Miscellaneous income	14	1
Total other income	**225**	**73**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

23. Cost of materials consumed

	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw materials	3,262	3,497
Packing materials	1,992	1,840
Total cost of materials consumed	**5,254**	**5,337**

24. Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening inventory:		
Finished goods	550	823
Work-in-progress	602	600
Stock-in-trade	390	151
Total opening balance (A)	**1,542**	**1,574**
Closing inventory:		
Finished goods	501	550
Work-in-progress	636	602
Stock-in-trade	266	390
Total closing balance (B)	**1,403**	**1,542**
Increase / (decrease) in excise duty on finished goods, net (C)	(20)	(169)
Total changes in inventories of finished goods, work-in-progress and stock-in-trade (A-B+C)	**119**	**(137)**

25. Employee benefits expense

	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	440	525
Contribution to provident and other funds [Refer note 39(a)]	23	10
Defined benefit plans [Refer note 39(b)D]	10	16
Share based payment expense [Refer note 35]	37	23
Staff welfare expenses	37	36
Total Employee benefits expense	**547**	**610**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

26. Depreciation and amortisation expense

	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation / impairment of property, plant and equipment (Refer note 3.1)	121	133
Depreciation of right-of-use assets (Refer note 3.2)	129	130
Amortisation / impairment of intangible assets (Refer note 3.4)	25	19
Total depreciation and amortisation expense	**275**	**283**

27. Other expenses

	For the year ended March 31, 2024	For the year ended March 31, 2023
Consumption of stores and spares	16	16
Operational expenses relating to BCCI-IPL and WPL franchises [Refer note b below]	316	231
Sub-contracting Charges	83	91
Power and fuel	18	17
Rent [Refer note 3.2]	200	231
Repairs and maintenance:		
Buildings	4	5
Plant and machinery	28	35
Others	34	31
Insurance	14	17
Rates and taxes	148	138
Travel and conveyance	47	50
Legal and professional	141	139
Auditor remuneration (Refer note a below)	7	6
Freight outwards	243	284
Royalty [Refer note 37(b)(vii)]	11	13
Trade mark license fees	0	0
Exchange loss (net)	4	0
Remuneration to non-executive directors of the Company:		
Sitting fee	2	1
Commission	2	2
Allowance for trade receivable and other assets (net)	41	5
Expense towards corporate social responsibility	19	22
Information technology and communication expenses	88	83
Administrative expenses	-	0
Sales distribution charges	172	154
Miscellaneous expenses	39	27
Total other expenses	**1,677**	**1,598**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

	For the year ended March 31, 2024	For the year ended March 31, 2023
Note:		
(a) Auditors' remuneration*		
Statutory audit	2	2
Quarterly reviews	1	1
Certifications	0	0
Other assurance related service	3	3
Total payment to auditors	**7**	**6**
* Excluding goods and services tax		
(b) Operational expenses relating to BCCI-IPL and WPL franchises includes:		
Franchisee fee (net of revenue)	65	71
Players and support staff fees	142	106
Per diem allowances to players and support staff	4	3
Stadium rent	9	0
Insurance	3	2
Travel expenses	13	5
Hotel expenses	10	10
Event management costs	53	22
Commission on sponsorship income	17	13
Man of the match award (net)	0	0
Total operational expenses relating to BCCI-IPL and WPL franchises includes	**316**	**231**

28. Finance costs

	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on lease liabilities (Refer note 3.2)	21	16
Interest expense on borrowings at amortised cost	0	20
Interest others	55	68
Total finance costs	**76**	**104**

29. Exeptional Items (net)

	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Profit on sale of Business Undertaking (Refer note 47(a))	31	380
(b) Supply Restructuring Cost (Refer note 47(b))	(48)	(157)
(c) Voluntary Separation Scheme	-	(39)
(d) Gain/(loss) on sale of a subsidiary	-	(8)
Total exceptional items (net)	**(17)**	**176**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

30. Reconciliation of tax expense and accounting profit multiplied by India's tax rate

	For the year ended March 31, 2024	For the year ended March 31, 2023
Profits before income tax expense	1,857	1,279
Tax calculated at the statutory rate applicable to the Holding Company	498	322
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:		
- Current tax benefit on account of brought forward losses relating to PDL	-	(77)
- Tax deduction for dividend received from subsidiary	(31)	-
- Unrecognised short term capital losses utilised against profit on redemption of mutual funds	(15)	(5)
- Expenses disallowed for tax purposes	8	16
- Profit on sale of business undertaking, which was taxed in the previous year	(8)	-
- Provision/(reversal) of income taxes relating to prior years	1	(21)
- Unrecognised long term capital losses utilised against profit on sale of business undertaking	-	(95)
- Impairment provision on land on which deferred tax asset has not been recognised	-	15
- Others	(4)	(3)
Income tax expense as per statement of profit and loss	**449**	**153**
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised (Refer note below)	526	583
Potential tax benefit at rates applicable in the country concerned	122	136

Notes:

(a) The unused tax loss comprises of capital losses of the Holding company amounting to ₹ 469 crores of which long term capital losses amounting to ₹ 467 crores, accumulated from prior years, will expire in financial year ending March 31, 2031 and short term capital losses amounting to ₹ 2 crores will expire in financial year ending March 31, 2027.

(b) As at March 31, 2024, aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liability has not been recognised is ₹ 33 crores (March 31, 2023: Nil). No liability has been recognised in respect of such difference because the Group is in a position to control the timing of reversal of the temporary difference and it is probable that such difference will not reverse in the foreseeable future.

31. Earnings per share

		For the year ended March 31, 2024	For the year ended March 31, 2023
Nominal value of equity shares (₹)		2/-	2/-
(a)	Profits attributed to the owners of the Holding Company	1,408	1,137
(b)	Weighted average number of equity shares used as denominator	70,96,30,072	70,96,30,072
	- Issued/paid up share capital	70,96,30,072	70,93,43,265
	- Shares issued during the year	-	2,86,807
(c)	Basic and diluted earnings per share (₹)	**19.83**	**16.01**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Notes:

(a) There are no dilutive equity shares in the Holding Company.

(b) In calculating the weighted average number of outstanding equity shares during the year, Holding Company has not reduced the own shares held by USL Benefit Trust (of which Holding Company is the sole beneficiary), as the investment in the said Trust has been accounted under a scheme approved by courts. [Refer note 14(h)]

Note 32: Financial risk management

The Group's activities exposes it to credit risk, liquidity risk and market risk. This note explains the sources of risk which the entity is exposed to and how the Group manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, deposits with banks, mutual fund, trade receivables, loans and other financial assets measured at amortised cost	Ageing analysis and review of receivables and other financial assets	Diversification of bank deposits, review of mutual fund schemes and its underlying exposure, monitoring of credit limits and assessment of recoverability of loans to other counterparties
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts	Investment in highly marketable and liquid investments and availability of committed credit lines
Market risk – interest rate	Short-term borrowings at floating rates, deposits with bank and debt Mutual funds	Sensitivity analysis of interest rates	Monitoring of changes in interest rates
Market risk – foreign exchange risk	Primarily represented by receivables and payables towards export and imports respectively	Forecast of highly probable foreign currency cash flows	Monitoring of changes in foreign exchange rates
Market risk – price risk	Investment in mutual fund, compulsorily convertible preference shares (CCPS)	Market available information, valuation of future cash flow	Group reviews its investments at regular intervals in order to minimize price risk arising from investments in mutual fund. Group reviews the fair value as at reporting period for investments in CCPS

The Group's financial risk management is carried out by treasury department under policies approved by the Board of Directors ("the Board"). Corporate treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's other functions. The Board sets written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, and investment of excess funds.

The Group does not have significant exposure to foreign currency fluctuations.

(A) Credit risk

Credit risk management

Trade receivables:

The Group's credit policy provides guidance to keep the risk of credit sales within an acceptable level. The Group's management monitors (at customer group and non-group level) and reviews credit limits, overdue trade receivables, provisioning and write-off of credit impaired receivables.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Trade receivables are unsecured and are derived from revenues earned from two main classes of customers, receivables from sales to government corporations/ government owned entities and receivables from sales to private third parties.

Receivables from government corporations/ government owned entities amounted to ₹ 1,998 crores; 56% (2023: ₹ 1,230 crores; 48%) and receivable from sales to private customers amounted to ₹ 1,596 crores; 44% (2023: ₹ 1,325 crores; 52%) respectively, of total trade receivables, on the reporting date.

The Group determines allowances for expected credit losses separately for different categories of customers using age-based provision matrix.

Movement in loss allowances for trade receivables is provided below:

Particulars	March 31, 2024	March 31, 2023
Balance at the beginning of the year	121	119
Loss allowance (net)	68	7
Write offs/ adjustments	(16)	(5)
Balance at the end of the year (Refer note 11)	**173**	**121**

Expected credit loss ageing schedule is given below:

		March 31, 2024	March 31, 2023
Particulars	**Rate**	**Amount**	**Amount**
Not due	2%	61	44
Less than 3 months	5%	29	4
3 months - 6 months	6%	6	1
6 months -1 year	28%	8	7
1-2 years	75%	21	16
2-3 years	96%	11	10
More than 3 years	100%	37	39
Total		**173**	**121**

Loans and other financial assets:

'Other financial assets' includes balances with banks, receivable from Tie-up manufacturing units, government grants, loans and interest accrued on such loans.

The Group recognises allowances using expected credit loss method on other financial assets. Such allowances are measured considering either 12-month expected credit loss approach or life time credit loss approach, based on management's assessment of credit risk. Assets are written-off where there is no reasonable expectation of recovery. Where the loans or receivables are written-off the Group continues to engage in enforcement activity to attempt to recover the amounts due. Where recoveries are made, these are recognised in profit or loss.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Movement in loss allowances for financial assets other than for trade receivables during the reporting period is provided below:

Particulars	March 31, 2024	March 31, 2023
Balance at the beginning of the year	1,322	1,359
Loss allowance recognised:		
• Included in the Statement of Profit and Loss	(27)	(19)
• Write offs/ adjustments	7	(18)
Balance at the year end (Refer note 5 and 6)	**1,302**	**1,322**

Management has assessed credit risk for balances with banks, investments in mutual funds and other financial assets as at year ended March 31, 2024. Basis this assessment management has determined that no provision for expected credit loss is required, other than those already provided in these financial statements.

(B) Liquidity risk

The Group monitors daily and monthly rolling forecasts of the liquidity position and cash and cash equivalents on the basis of expected cash flows. Generally, any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in bank deposits, debt mutual funds and other highly rated corporate debentures to optimise the cash returns on investments guided by the tenets of safety, liquidity and returns.

Financing arrangements

The Group has access to the following undrawn unsecured borrowing facilities as at end of the reporting period:

Particulars	As at March 31, 2024	As at March 31, 2023
Floating rate Cash credit / working capital loans	1,245	1,496

The above facilities may be drawn at any time and such borrowings are repayable on demand.

Maturities of financial liabilities

The maturity profile of the Group's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group.

March 31, 2024

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Lease liabilities	36	29	52	96	36	29	278
Trade payables	1,954	-	-	-	-	-	1,954
Other financial liabilities	276	-	-	-	-	-	276
Borrowings	25	-	-	-	-	-	25
Total liabilities	**2,291**	**29**	**52**	**96**	**36**	**29**	**2,533**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

March 31, 2023

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Lease liabilities	32	30	49	54	31	6	202
Trade payables	1,783	-	-	-	-	-	1,783
Other financial liabilities	285	-	-	-	-	-	285
Borrowings	-	-	1	0	-	-	1
Total liabilities	**2,100**	**30**	**50**	**54**	**31**	**6**	**2,271**

(C) Interest rate risk

Interest rate risk arises due to uncertainties about the future market interest rate on the borrowings or investments. The Group has repaid all the borrowings by the end of the financial year, except for a liability towards sales tax deferral scheme and a liability towards working capital loan from bank. As the Group doesn't have significant debt as at March 31, 2024, exposure to interest rate risk is not expected to have a significant impact on the Group's profit/ loss.

Further, treasury activities, focused on managing investments in debt instruments, are centralised and administered under a set of approved policies and procedures guided by the tenets of safety, liquidity and returns. This ensures that investments are made within acceptable risk parameters after due evaluation. The Group's investments are predominantly held in fixed deposits, mutual funds and treasury bills.

The Group invests in debt mutual fund schemes of leading fund houses. Such investments are susceptible to market price risks that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Group has invested, such price risk is not significant.

In addition to debt mutual funds, the Group invests in term deposits with banks. The term deposits carry a fixed-coupon rate and are for a term not exceeding 12-months from the Balance Sheet date. Accordingly, interest rate risks is not significant. Further, such deposits are carried at amortised cost. Accordingly, exposure to interest rate risk is not considered material.

(D) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions and balances, primarily with respect to the USD and GBP. Foreign Exchange risk arises from future commercial transactions and monetary assets and liabilities denominated in a currency that is not the functional currency of the Parent company or its Subsidiaries. The risk is measured through a forecast of highly probable foreign currency cash flows.

Foreign currency risk management

The Group's risk management policy is to assess the Group's net exposures which is mainly represented by receivables and payables towards exports and imports respectively, in foreign currencies.

The Group can hedge its net exposures with a view on forex outlook. Since the net exposure is currently not material, foreign currency risk has not been hedged.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ crores is as follows:

	As at March 31, 2024				
	USD	GBP	EURO	SGD	Total
Financial assets					
Cash and cash equivalents	0	0	0	-	0
Other financial assets	0	0	-	-	0
Trade receivables	24	-	-	-	24
Exposure to foreign currency risk (assets)	**24**	**0**	**0**	**-**	**24**
Financial liabilities					
Trade payables	5	8	0	1	14
Other financial liabilities	-	-	-	-	-
Exposure to foreign currency risk (liabilities)	**5**	**8**	**0**	**1**	**14**
Net exposure (Assets/liabilities)	**19**	**(8)**	**(0)**	**(1)**	**10**

	As at March 31, 2023				
	USD	GBP	EURO	SGD	Total
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Other financial assets	1	-	0	-	1
Trade receivables	22	-	-	-	22
Exposure to foreign currency risk (assets)	**23**	**-**	**0**	**-**	**23**
Financial liabilities					
Trade payables	1	8	-	1	10
Other financial liabilities	1	-	-	-	1
Exposure to foreign currency risk (liabilities)	**2**	**8**	**-**	**1**	**11**
Net exposure (Assets/liabilities)	**21**	**(8)**	**0**	**(1)**	**12**

Note:

a) A reasonable possible fluctuation in foreign exchange rates are not expected to have a material effect on the profit/loss.

(E) Price risk

a) **Mutual funds:** Group reviews its investments at regular intervals in order to minimize price risk arising from investments in mutual funds. In accordance with the investment policy the Group invests in the liquid, overnight and money market mutual fund schemes which are not subject to significant changes in values.

b) **Compulsorily convertible preference shares:** The Group measures CCPS at FVPL. The fair value of the CCPS has been determined using the discounted cashflow model. The significant inputs used in discounted cashflow model are the growth rates and the discount rate. The fair value gain on CCPS for the year ended March 31, 2024 was not material.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 33: Capital management

a. Risk management

The Group's objectives when managing capital is to:

a) have a balanced financial profile from short term (1 year) to mid-term (3 years) for sustainable leverage, providing;

- Headroom for future growth / expansion
- Financial flexibility in case of adverse business cycles

b) ensure the capital structure is at competitive advantage when compared to peers and other sector players through:

- Diversification of funding sources to manage liquidity and rollover risk
- Financial flexibility in case of adverse business cycles

Net debt to equity ratio:

Particulars		As at March 31, 2024	As at March 31, 2023
Total debt	(a)	265	183
Cash and cash equivalents	(b)	1,052	115
Net debt	(c) = (a) - (b)	(787)	68
Total equity	(d)	7,121	5,999
Net debt to equity ratio	**(c) / (d)**	**NA**	**0**

b. Dividends

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
(i)	**Equity shares**		
	Interim dividend for the year ended 31 March 2024 of ₹ 4 (31 March 2023 - ₹ Nil) per fully paid share	284	-
(ii)	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, subsequent to the year end, the directors have recommended the payment of a final dividend of ₹ 5 per fully paid equity share (2023 : Nil). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	355	-

Note 34: Assets pledged as security

(a) In respect of secured loans from banks ('lenders') obtained and repaid during earlier years, the Holding Company has in most cases obtained no objection letters from lenders for the release of the hypothecation/ mortgage and have filed the necessary forms with Ministry of Corporate Affairs ("MCA") to reflect the release of such charge in MCA's records. In the few remaining cases, the Holding Company is in the process of securing no objection letters from the lenders. As there are no secured loans outstanding as at March 31, 2024, no assets have been shown as hypothecated/ mortgaged as at March 31, 2024.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(b) Further the following assets have been pledged with a bank with whom the Holding Company is involved in a litigation [Refer note 41A(e)]

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
First charge			
Freehold land	3.1 & 3.6	118	118
Buildings	3.1 & 3.6	14	15
Leasehold land	3.1 & 3.6	4	4
Plant and equipment	3.1	0	0
Investments as a sole beneficiary in USL Benefit Trust		120	120
Total assets pledged as security		**256**	**257**

(c) Inventory aggregating to Nil (2023: ₹ 1 crores) are in the custody of third-party tie-up manufacturing units (TMUs), which have been hypothecated by the said TMUs for securing credit facilities.

Note 35: Share based payments

Diageo Plc. share based plans

Diageo Plc. (Ultimate Holding Company) runs various equity settled share based plans such as Diageo Performance Incentive (DPI), Diageo Executive Long Term Incentive Plan (DELTIP), Performance Share Plan (PSP), Senior Executive Share Option Plan (SESOP) and Diageo Exceptional Stock Award Plan (DESAP) for qualifying employees of the Group. Vesting under these plans is subject to conditions such as continuity of employment and achievement of certain other performance factors.

The charge for the year in respect of such plans included in employee benefits expense amounted to ₹ 4 crores (March 31, 2023: ₹ 7 crores).

Share appreciation rights (SAR)

The India SAR Plan creates an opportunity to link the employees' reward to Holding Company's share price performance. Under this plan, Group grants stock appreciation rights (based on USL share price on the date of grant) to qualifying employees. Cash pay-out equivalent to the value of the Holding Company's share will be made at the end of three years from the date of grant (the vesting period).

Grant Year	No. of units outstanding as at March 31, 2024	Average Vesting Period	Range of the expected settlement price (₹ per unit)
FY 21-22	2,50,007		1,134 to 1,158
FY 22-23	1,83,744	3 years	1,134 to 1,154
FY 23-24	1,64,970		1,134 to 1,370

The fair value of the SARs is determined using the Black-Scholes model using the following inputs at the grant dates and as at each reporting date:

Particulars	As at March 31, 2024	As at March 31, 2023
Expected volatility (%)	26.74%	29.70%
Risk-free interest rate (%)	7.16%	7.29%

As at March 31, 2024 outstanding SARs are 5,98,721 (March 31, 2023: 7,12,276). Refer below for movement in provision for SAR:

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	Notes	Amount
Provision as at April 1, 2022		**21**
Charge for the year	25	16
Payout during the year		(10)
Provision as at March 31, 2023	18	**27**
Charge for the year	25	33
Payout during the year		(16)
Provision as at March 31, 2024	18	**44**

Provision as at the year-end classified as:

Particulars	As at March 31, 2024	As at March 31, 2023
Current	29	16
Non-current	15	11
Total	**44**	**27**

Note 36: **Financial instruments:**

Financial instrument by category:

Particulars	As at March 31, 2024			
	Amortized cost	Fair value through Profit and Loss	Fair value through other comprehensive income	Total
Financial assets:				
Investments (Refer note 4.2)	-	37	-	37
Liquid mutual fund units (Refer note 4.3(ii))	-	499	-	499
Treasury bills (Refer note 4.3(ii))	100	-	-	100
Non-convertible debentures (Refer note 4.3(ii))	-	-	-	-
Loans (Refer note 5)	10	-	-	10
Other financial assets (Refer note 6)	148	-	-	148
Trade receivables (Refer note 11)	3,421	-	-	3,421
Cash and cash equivalents (Refer note 12)	505	547	-	1,052
Bank balance other than cash and cash equivalents (Refer note 13)	217	-	-	217
Total	**4,401**	**1,083**	**-**	**5,484**
Financial liabilities:				
Borrowings (Refer note 16)	25	-	-	25
Other financial liabilities (Refer note 17)	276	-	-	276
Trade payables (Refer note 19)	1,954			1,954
Total	**2,255**	**-**	**-**	**2,255**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	As at March 31, 2023			
	Amortized cost	Fair value through Profit and Loss	Fair value through other comprehensive income	Total
Financial assets:				
Investments (Refer note 4.2)	-	20	-	20
Liquid mutual fund units (Refer note 4.3(ii))	-	240	-	240
Non-convertible debentures (Refer note 4.3(ii))	16	-	-	16
Loans (Refer note 5)	16	-	-	16
Other financial assets (Refer note 6)	282	-	-	282
Trade receivables (Refer note 11)	2,434	-	-	2,434
Cash and cash equivalents (Refer note 12)	115	-	-	115
Bank balance other than cash and cash equivalents (Refer note 13)	768	-	-	768
Total	**3,631**	**260**	**-**	**3,891**
Financial liabilities:				
Borrowings (Refer note 16)	1	-	-	1
Other financial liabilities (Refer note 17)	285	-	-	285
Trade payables (Refer note 19)	1,783	-	-	1,783
Total	**2,069**	**-**	**-**	**2,069**

Fair value hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value of investments in mutual funds are classified as Level 1. Fair value of all other financial instruments including investments in CCPS issued by Nao Spirits & Beverages are classified as Level 3.

Management has determined their carrying amounts of current financial assets i.e., trade receivables, current loans, bank deposits, cash and cash-equivalents, receivable from TMUs, trade payables and other financial liabilities (excluding lease liabilities) to be a fair approximation of their fair values on account of the short term natures.

Management has determined that the fair values of other non current financial assets i.e., government grants, receivable from TMUs, security deposits and other receivables are not materially different from their carrying amounts as at March 31, 2024.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 37: Related party disclosures

(a) Names of related parties and description of relationship

(i) Parent entities

- Diageo plc United Kingdom (Ultimate Holding company)
- Tanqueray Gordon & Company Ltd., United Kingdom (Holding Company of Diageo Relay B V)
- Diageo Relay B V, Netherlands (Immediate Holding Company)

(ii) Associate

Sr. No.	Name of the associate	% of ownership interest	Country of Incorporation
(i)	Nao Spirits & Beverages Private Limited [w.e.f. April 29, 2022 refer to note 4.1]	11%	India

(iii) Fellow subsidiaries (with whom transactions have taken place during the year or in the previous year)

- Diageo Scotland Limited
- Diageo Brands B.V.
- Diageo Great Britain Limited
- Diageo North America Inc.
- Diageo Singapore Supply Pte. Ltd.
- Guinness Nigeria Plc
- Diageo Ireland
- Diageo Business Services India Private Limited
- UDV Kenya Limited
- Diageo Mexico
- Diageo America Supply Inc.

(iv) Employees' Benefit Plans:

- McDowell & Company Limited Staff Gratuity Fund
- McDowell & Company Limited Officers' Gratuity Fund
- McDowell & Company Limited Employees Provident Fund(*)
- Phipson & Company Limited Management Staff Gratuity Fund
- Phipson & Company Limited Gratuity Fund
- Carew & Company Ltd. Gratuity Fund
- United Spirits Superannuation Fund
- UB Group Employee Benefit Trust
- Shaw Wallace Employee Welfare Trust
- Pioneer Distilleries Employees Gratuity Trust

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

The Group was operating a defined benefit provident fund plan through its own Trust for all permanent employees. During the year, the Holding Company has transferred its Provident fund obligation from the Trust to Employee Provident Fund Organization (EPFO) after necessary approval from EPFO. The Holding Company is in the process of liquidating the Trust. [refer note 39(b)].

(v) Key management personnel

a. Whole-time directors

- Hina Nagarajan (Managing Director and Chief Executive Officer)
- Pradeep Jain (Chief Financial officer and Executive Director) w.e.f. February 1, 2023

b. Non-executive/ Independent directors

- Mahendra Kumar Sharma – Chairman
- V K Viswanathan
- Dr. Indu Shahani
- D Sivanandhan
- Rajeev Gupta
- Mark Sandys
- John Thomas Kennedy (till June 30, 2023)
- Randall Ingber (till January 31, 2023)
- Emily Kathryn Gibson (w.e.f. September 7, 2023)
- Mukesh Butani (w.e.f. March 1, 2024)
- Indu Bhushan (w.e.f. March 1, 2024)
- Mamta Sundara (w.e.f. February 1, 2023)

Note 37(b): Summary of the transactions with related parties

Name of the related party		Relationship	For the year ended March 31, 2024	For the year ended March 31, 2023
(i)	**Investment in associate**	Associate		
	Nao Spirits & Beverages Private Limited			
	- Equity shares carried at cost		-	12
	- Compulsory convertible preference shares carried at fair value through profit and loss		15	20
Total- Investment in associate			**15**	**32**
(ii)	**Sale of products (including excise duty) to**			
	UDV Kenya Limited	Fellow subsidiary	1	0
	Total- Sale of products		**1**	**0**
(iii)	**Royalty and brand franchise income**			
	Guinness Nigeria Plc.	Fellow subsidiary	-	1
	UDV Kenya Ltd	Fellow subsidiary	0	-
Total- Royalty and brand franchise income			**0**	**1**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Name of the related party	Relationship	For the year ended March 31, 2024	For the year ended March 31, 2023
(iv) Reimbursement of expenses from			
Diageo plc	Parent	5	4
Diageo Great Britain Limited	Fellow subsidiary	1	-
Diageo Brands B.V.	Fellow subsidiary	1	-
Diageo Scotland Limited	Fellow subsidiary	2	0
Diageo North America Inc.	Fellow subsidiary	-	0
Diageo Business Services India Private Limited	Fellow subsidiary	-	1
Diageo Mexico	Fellow subsidiary	1	-
Diageo America Supply Inc.	Fellow subsidiary	0	-
Total - Reimbursement of expenses received		**10**	**5**
(v) Purchase of stock-in-trade from			
Diageo Brands BV	Fellow subsidiary	422	616
Diageo Ireland	Fellow subsidiary	-	2
Total- Purchase of stock-in-trade		**422**	**618**
(vi) Purchase of raw materials from			
Diageo Brands B.V.	Fellow subsidiary	421	371
Total- Purchase of materials		**421**	**371**
(vii) Royalty expense			
Diageo North America Inc.*	Fellow subsidiary	9	10
Total- Royalty expense (Refer note 27)		**9**	**10**
(viii) Professional charges			
Diageo Business Services India Private Limited	Fellow subsidiary	17	16
Total- Professional charges		**17**	**16**
(ix) Cross Charge towards share based payments			
Diageo Great Britain Limited	Fellow subsidiary	4	6
Total- Cross charge		**4**	**6**
(x) Other services received			
Information Technology expenses			
Diageo Great Britain Limited	Fellow subsidiary	28	24
Diageo Business Services India Private Limited	Fellow subsidiary	1	6
Total- Other services received		**29**	**30**
(xi) Reimbursement of expenses paid to			
Diageo Great Britain Limited	Fellow subsidiary	3	-
Diageo Scotland Limited	Fellow subsidiary	1	-
Diageo North America Inc	Fellow subsidiary	1	-
Diageo Business Services India Private Limited	Fellow subsidiary	-	0
Total- reimbursement of expenses paid		**5**	**0**
(xii) Dividend paid to			
Diageo Relay B V	Immediate Holding Company	163	-
Total-Dividend paid		**163**	**-**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Name of the related party	Relationship	For the year ended March 31, 2024	For the year ended March 31, 2023
(xiii) Contribution to employee benefit plans			
McDowell & Company Limited Employees Provident Fund	Employee benefits plan	16	14
United Spirits Superannuation Fund	Employee benefits plan	2	2
Total- Contribution to employee benefit plans		**18**	**16**

* Royalty expense excludes Goods and Services Tax

Note 37(c): Summary of closing balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Name of the related party	Relationship	As at March 31, 2024	As at March 31, 2023
(i) Financial assets receivable			
Diageo Scotland Limited	Fellow subsidiary	0	0
Diageo Great Britain Limited	Fellow subsidiary	1	-
Total- Financial assets receivable (Refer note 6)		**1**	**0**
(ii) Trade receivables from			
UDV Kenya Ltd	Fellow subsidiary	0	-
Guinness Nigeria Plc.	Fellow subsidiary	2	6
Total- Trade receivables (Refer note 11)		**2**	**6**
(iii) Trade payables to			
Diageo Brands BV	Fellow subsidiary	208	245
Diageo Great Britain Limited	Fellow subsidiary	9	4
Diageo North America Inc.	Fellow subsidiary	5	9
Diageo Scotland Limited	Fellow subsidiary	1	2
Diageo Singapore Supply Pte Limited	Fellow subsidiary	-	0
Diageo Business Services India Private Limited	Fellow subsidiary	5	14
Diageo Ireland	Fellow subsidiary	-	1
Total trade payables to related parties (Refer note 19)		**228**	**274**
(iv) Minimum offtake commitment for purchase of bulk scotch			
Diageo Scotland Limited	Fellow subsidiary	123	410

Note 37(d): Key management personnel and compensation

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Executive directors	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Hina Nagarajan	Pradeep Jain	Hina Nagarajan	Pradeep Jain (*)
Remuneration (**)	10	4	10	0
Employee share-based payments (***)	4	0	2	-
Total compensation	**14**	**4**	**12**	**0**

(*) For Pradeep Jain, remuneration has been included w.e.f. February 1, 2023.

(**) As the employee benefits obligations such as gratuity, compensated absences and bonuses are provided for the Group as a whole, the amounts pertaining to individual Key management personnel are not included above on an accrual basis. Such, amounts are included on payment basis.

(***) Based on options exercised.

Non-executive/ Independent directors	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Sitting Fee	Commission	Sitting Fee	Commission
Mr. Mahendra Kumar Sharma	0	1	0	0
Mr. V K Viswanathan (*)	0	0	0	0
Dr. Indu Shahani (*)	0	0	0	0
Mr. D Sivanandhan (*)	0	0	0	0
Mr. Rajeev Gupta (*)	0	0	0	0
Dr. Indu Bhushan (*)	-	0	-	-
Mr. Mukesh Butani (*)	-	0	-	-
Total	**0**	**2**	**0**	**2**

(*) Individually sitting fees and commission paid to the directors is lesser than ₹ 50 lakhs. Sitting fees and commission paid to the directors above has been aggregated and disclosed against the total in the table above.

Note 37 (e): General terms and conditions for transactions with related parties

Transactions with related parties are carried out in the normal course of business and are generally on normal commercial terms.

Note 38: Offsetting of financial assets and financial liabilities

The Group provides volume-based incentives and rebates to certain customers. Amounts payable by Group are offset against receivables from such customers and only the net amounts are settled. The relevant amounts have therefore been presented net in the balance sheet. Details of such offset is given in the below table.

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivable - current	3,289	2,595
Trade receivable - non current	365	-
Trade receivables (gross)	**3,654**	**2,595**
Less: Volume based incentives and rebates payable	(60)	(40)
Trade receivables as reported (Refer note 11)	**3,594**	**2,555**

Note 39(a): Defined contribution plans

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Provident Fund:

Provident Fund covers all eligible employees of the Holding Company. Both the employees and the Holding Company make monthly contributions to the Provident Fund as per regulations to a fund administered by government authority, equal to a specified percentage of the employees' salary. The obligation of the Holding Company is limited to the extent of contributions made on a monthly basis.

Employee Pension Scheme:

Employee Pension Scheme covers all eligible employees of the Holding Company. A portion of the Holding Company's contribution in respect of government administered Provident Fund and Holding Company administered Provident Fund Plan is made to the government administered Employee Pension Scheme, as per regulations. The obligation of the Holding Company is limited to the extent of contributions made on a monthly basis.

Employees' State Insurance:

Employees' State Insurance is a state plan which is applicable to those employees of the Holding Company whose salaries do not exceed a specified amount. The contributions are made based on a percentage of salary to a fund administered by government authority. The obligation of the Holding Company is limited to the extent of contributions made on a monthly basis.

Superannuation fund:

Certain executive staff of the Holding Company participate in United Spirits Superannuation fund (the 'Fund'), which is a voluntary contribution plan. The Holding Company has no further obligations to the plan beyond its monthly contributions to the Fund, the corpus of which is administered by a Trust and is invested in insurance products.

National Pension Scheme:

Certain executive staff of the Holding Company participate in National Pension Scheme, which is a voluntary contribution plan. The Holding Company has no further obligations to the plan beyond its monthly contributions to a fund administered by a pension fund manager appointed by Pension Fund Regulatory and Development Authority.

During the year, the Holding Company has recognised the following amounts in the Statement of Profit and Loss, which are included in contribution to provident and other funds under the employee benefits expense in note 25:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Provident fund*	17	3
Employees' pension scheme	4	4
Employees' state insurance	0	0
Superannuation fund	1	2
National pension scheme	1	1
Total (Refer note 25)	**23**	**10**

*Excludes contributions to Provident Fund Trust which are in the nature of defined benefit plans managed by the Group.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 39(b): Defined benefit plans

Gratuity:

The Holding Company provides for gratuity, a defined benefit plan (the "Gratuity Plan"), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment or upon resignation from service, of an amount based on the respective employee's last drawn salary and years of employment with the Holding Company. Vesting occurs only upon completion of five years of service, except in case of death or permanent disability. The funds are managed by a trust administered by the Holding Company.

Pension plan:

The Holding Company operates an unfunded defined benefit pension plan for certain retired employees of an erstwhile entity which has merged into the Holding company in earlier years. This plan provides benefits to members in the form of a guaranteed level of pension payable for life post retirement or termination of employment. The level of benefits provided depends on their salary in the final year leading up to retirement, or termination.

Provident fund plan:

The executive staff and certain permanent workmen received benefits from the provident fund plan, which was operating as a defined benefit plan until part of the current year. Both the employees and the Holding Company made monthly contributions to such provident fund plan equal to a specified percentage of the employee's salary. A portion of Holding Company's contribution is transferred to Employee Pension Scheme, which is a defined contribution plan and the remaining amount is transferred to provident fund plan. The defined plan was discontinued during the year and the balance contribution was transferred to Employees Provident Fund Organisation(EPFO).

The defined benefit provident fund contributions were made to McDowell & Company Limited Employees Provident Fund Trust which was set up and managed by the Holding Company. The Trust invested in specific designated instruments as permitted by Indian laws. The Holding Company had an obligation to make good the shortfall if any, being the difference between the statutory rate prescribed by the Government and the rate of interest declared by the Trust. The Holding Company also had an obligation to fund any shortfall in the fair value of plan assets as compared with the defined benefit obligation. The actuarial risk and investment risk fall, in substance, on the Holding Company. During the current year, the Holding Company has transferred its' obligation for provident fund from the trust to Employees Provident Fund Organisation (EPFO). Accordingly, the Provident fund plan has subsequently been accounted as a defined contribution plan.

Gratuity, Provident Fund and Pension

A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO):

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023		
	Gratuity	Provident fund	Pension	Gratuity	Provident fund	Pension
	(Funded)	(Funded)	(Unfunded)	(Funded)	(Funded)	(Unfunded)
Obligation at the beginning of the year	106	311	1	121	348	1
Current service cost	10	3	-	11	14	-
Past service cost	-	-	-	2	-	-
(Gain)/loss on settlements	-	-	-	(9)	-	-
Interest cost	7	8	-	8	25	-
Benefit payments from plan assets	(12)	(35)	-	(19)	(113)	-
Transfer in/Out	-	7	-	-	17	-

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023		
	Gratuity	Provident fund	Pension	Gratuity	Provident fund	Pension
	(Funded)	(Funded)	(Unfunded)	(Funded)	(Funded)	(Unfunded)
Employee contributions	-	5	-	-	19	-
Benefit payments from the Group	-	-	(1)	-	-	-
Transfer upon sale of business undertaking	-		-	(4)	-	-
Actuarial (gain)/ loss from changes in demographic assumptions	(4)	-	-	(1)	-	-
Actuarial (gain)/ loss from changes in financial assumptions	1	-	-	(2)	0	-
Actuarial (gain)/ loss from experience adjustments	(1)	(0)	-	(2)	1	-
Transferred to EPFO	-	(299)	-	-	-	-
Obligation at the end of the year	**107**	**-**	**-**	**106**	**311**	**1**

B. Reconciliation of opening and closing balances of the fair value of plan assets:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Gratuity	Provident fund	Gratuity	Provident fund
	(Funded)	(Funded)	(Funded)	(Funded)
Plan assets at the beginning of the year	140	305	153	340
Employee contributions	-	5	-	19
Transfer in/ (out)	-	7	-	16
Contribution by the Group	-	3	-	14
Return on plan assets	10	8	11	25
Actuarial gains/ (losses)	(0)	(11)	(19)	4
Benefits paid	(13)	(35)	(5)	(113)
Transferred to EPFO	-	(282)	-	-
Plan assets at the end of the year	**137**	**-**	**140**	**305**

C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the Balance sheet at the end of the year:

Particulars	As at March 31, 2024			As at March 31, 2023		
	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)
Present value of obligation	107	-	0	106	311	1
Fair value of plan assets	137	-	-	140	305	-
Liability/ (asset) recognised in Balance sheet (Refer notes 9 and 18)	**(30)**	**-**	**0**	**(33)**	**6**	**1**
Current	-	-	0	-	6	0
Non-current	(30)	-	-	(33)	-	1

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

D. Expenses recognised in the Statement of profit and loss:

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Total	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Total
Current service cost	10	3	-	**13**	11	14	-	**25**
Past service cost	-	-	-	**-**	2	-	-	**2**
(Gain)/loss on settlement	-	-	-	**-**	(9)	-	-	**(9)**
Net interest cost		3	-	**3**	-	-	-	**-**
a. Interest expense on DBO	7	8	-	**15**	8	25	0	**33**
b. Interest (income) on plan assets	(10)	(8)	-	**(18)**	(11)	(25)	-	**(36)**
Total net interest cost (a+b)	(3)	-	-	**(3)**	(3)	-	0	**(3)**
Defined benefit cost (Refer note 25)	**7**	**3**	**-**	**10**	**2**	**14**	**0**	**16**

E. Re-measurement effects recognised in other comprehensive income (OCI):

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Total	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Total
a. Actuarial (gain)/ loss due to demographic assumptions changes in DBO	(4)	-	-	**(4)**	(1)	-	-	**(1)**
b. Actuarial (gain)/ loss due to financial assumptions changes in DBO	1	-	-	**1**	(2)	0	-	**(2)**
c. Actuarial (gain)/ loss due to experience on DBO	(1)	(0)	-	**(1)**	(2)	1	-	**(0)**
d. Return on plan assets (greater)/ less than discount rate	0	7	-	**7**	5	(2)	-	**4**
e. Movement in asset ceiling (gain)/ loss	-	-	-	**-**	-	-	-	**-**
Total actuarial (gain)/ loss included in OCI	**(4)**	**7**	**-**	**3**	**1**	**-**	**-**	**1**

* The actuarial loss has been recorded after netting off the provision.

F. Total cost recognised in comprehensive income:

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Total	Gratuity (Funded)	Provident fund (Funded)	Pension (Unfunded)	Total
Expense recognised in Profit and Loss (Refer note 25)	7	3	-	10	2	14	0	16
Remeasurements effects recognised in OCI	(4)	7	-	3	1	-	-	1
Total cost recognised in Comprehensive Income	**3**	**10**	**-**	**13**	**2**	**14**	**0**	**16**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

G. Investment details of plan assets:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Gratuity	Provident fund	Gratuity	Provident fund
Government securities	-	-	-	74%
Private sector bonds	-	-	-	7%
Public sector / financial institutional bonds	-	-	-	3%
Special deposit scheme	-	-	-	4%
Pooled assets with an insurance Group	100%	-	100%	-
Others (including bank balances)	0%	-	0%	12%
	100%		**100%**	**100%**

H. Assumptions:

Particulars	As at March 31, 2024			As at March 31, 2023		
	Gratuity	Provident fund	Pension	Gratuity	Provident fund	Pension
	(Funded)	(Funded)	(Unfunded)	(Funded)	(Funded)	(Unfunded)
Discount rate (per annum)	7.21%	NA	NA	7.32%	7.39%	7.32%
Rate of increase in compensation levels	10%	NA	NA	10%	10%	NA
Attrition rate	10% - 15%	NA	NA	5% - 12%	5% - 12%	NA
Mortality rates	IALM* (2012-14) Ultimate table	NA	IALM* (2012-14) Ultimate table	IALM* (2012-14) Ultimate table	IALM* (2012-14) Ultimate table	IALM* (2012-14) Ultimate table

*IALM: Indian Assured Lives Mortality

Note 39(c): Sensitivity analysis:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is provided below:

Gratuity:

Particulars	Changes in assumptions		(Decrease)/ Increase in defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Discount rate	1%	1%	(4)	(5)	5	6
Compensation levels	1%	1%	4	6	(4)	(5)

Provident Fund:

Particulars	Changes in assumptions		(Decrease)/ Increase in defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Discount rate	NA	1%	NA	(5)	NA	11
Compensation levels	NA	1%	NA	10	NA	(5)

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Note 39(d): Risk exposure:

Through its defined benefit plans, Holding Company is exposed to number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to yields of government securities; if plan assets underperform this yield, this will create a deficit. Plan asset investments for gratuity are made in pre-defined insurance plans. These are subject to risk of default and interest rate risk. The fund manages credit risk/ interest rate risk through continuous monitoring to minimise risk to an acceptable level.
Inflation risk	In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.
Life expectancy	The pension plan provides benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

The Holding Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of government and public sector bonds, although the Holding Company also invests in private sector bonds, special deposit schemes and bank balances. The plan asset mix is in compliance with the requirements of the respective regulations.

Note 39(e): Effect of the defined benefit plan on the entity's future cash flows

The Group does not expect to contribute any amounts into the gratuity plan assets during the year ending March 31, 2025, considering the net surplus portion as at March 31, 2024. The Group is expected to contribute NIL amount (2024: ₹ 15 crore) to Provident fund during the year ending March 31, 2025.

The weighted average duration of the defined benefit obligation is 4.62 years (2023: 6.46 years). The expected maturity analysis of undiscounted provident fund and gratuity is as follows:

March 31, 2024	Less than a year	Between 1-2 years	Between 2- 5 years	Over 5 years	Total
Gratuity	27	21	32	78	**158**
Provident fund	NA	NA	NA	NA	**NA**
Total	**27**	**21**	**32**	**78**	**158**

March 31, 2023	**Less than a year**	**Between 1-2 years**	**Between 2- 5 years**	**Over 5 years**	**Total**
Gratuity	21	8	43	106	**177**
Provident fund	41	45	159	374	**619**
Total	**62**	**52**	**202**	**480**	**796**

Note:

The estimates of future increase in compensation levels, considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 40: Long term contracts, including derivative contracts

The Group does not have any derivative contracts as at March 31, 2024. The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. No provision for material foreseeable losses is considered necessary based on the review of such contracts as at year end.

Note 41A: Historical matters

(a) Additional Inquiry and other regulatory matters

As disclosed in each of the annual financial statements commencing from year ended March 31, 2014, upon completion in April 2015 of an inquiry into past improper transactions ('Initial Inquiry') which identified references to certain additional parties and certain additional matters, the then MD & CEO, pursuant to the direction of the Board of Directors, carried out an additional inquiry into past improper transactions ('Additional Inquiry') which was completed in July 2016. The Additional Inquiry prima facie identified transactions indicating actual and potential diversion of funds from the Holding Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appeared to be affiliated or associated with the Holding 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 Holding Company or its subsidiaries in the respective prior periods. The Holding Company has filed recovery suits against relevant parties and individuals identified pursuant to the Additional Inquiry. Additionally, the Holding Company has also filed a suit for recovery of excess managerial remuneration amounting to ₹ 13 crores paid to the former Executive Director and CFO (ED & CFO) for the year ended March 31, 2015. The receivable recorded for excess managerial remuneration has been fully provided for.

As disclosed in each of the annual financial statements commencing from the year ended March 31, 2014, in relation to the above-mentioned Initial Inquiry and Additional Inquiry and the matters arising out of the settlement agreement dated February 25, 2016 entered into by the Holding Company with Dr. Vijay Mallya pursuant to which, inter alia, the Holding Company and Dr. Vijay Mallya agreed a mutual release in relation to matters arising out of the Initial Inquiry ('Agreement'), the Holding Company received letters and notices from the Securities Exchange Board of India ('SEBI') during the year ended March 31, 2016 to which the Holding Company has responded. There has been no further communication with SEBI on these matters since the Holding Company's response in October 2017.

As disclosed in each of the annual financial statements commencing from the year ended March 31, 2014, in connection with the investigations carried out by the Directorate of Enforcement ('ED') under the Foreign Exchange Management Act, 1999 and Prevention of Money Laundering Act, 2002, the Holding Company received letters and notices from ED during the year ended March 31, 2016, to which the Holding Company responded. During the year ended March 31, 2022, the Holding Company received a notice from the ED requesting for information, which the Holding Company has provided. The Holding Company has also received queries from its authorized dealer banks, based on queries from the Reserve Bank of India ('RBI'), with regard to remittances made in the prior years by the Holding Company to its overseas subsidiaries, past acquisitions and Annual Performance Reports ('APR') for prior years, to which the Holding Company has responded.

As disclosed in each of the annual financial statements commencing from the year ended March 31, 2019, with the objective of divesting its non-core assets, the Holding Company reviewed its subsidiaries' operations, obligations, and compliances, and recommended a plan for rationalisation through sale, liquidation or merger ("Rationalisation Process"). After receiving approval from the Board, the Holding Company has been taking steps to implement this plan. The Rationalisation Process for the existing subsidiaries is subject to regulatory and other approvals (in India and overseas). If any historical non-compliances are established during the Rationalisation Process, the Holding 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 Group, if any, arising out of potential non-compliances with applicable laws, if established.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(b) Preparation of financial statements of subsidiaries on liquidation basis

Consequent to the Rationalisation Process, the financial information of the following subsidiaries included in the consolidated financial results have been prepared on a liquidation basis (i.e. "break up" basis) i.e. (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 and (vii) Asian Opportunities and Investments Limited. Accordingly, assets and liabilities of such subsidiaries have been recognized at their fair values that approximate their carrying values as at March 31, 2024. Such remeasurement did not have any material impact on the consolidated financial statements.

(c) Notices from the Ministry of Corporate Affairs

As disclosed in each of the annual financial statements commencing from year ended March 31, 2016, and pursuant to the inspection conducted by Ministry of Corporate Affairs ('MCA') during the year ended March 31, 2016, under Section 206(5) of the Companies Act, 2013, MCA issued show cause notices alleging violation of certain provisions of the Companies Act, 1956 and Companies Act, 2013, to which the Holding Company had responded. As at the year ended March 31, 2024, the Holding Company is awaiting response from the Registrar of Companies (RoC) on one compounding application and one show cause notice wherein the Holding Company had requested the RoC to discontinue further proceedings based on expert legal advice received. The penalty and compounding fees arising out of adjudication applications and compounding application are not material. The management is of the view that in line with the past compounding / adjudication orders, the financial impact arising out of compounding / adjudication of the residual matters will not be material to the Holding Company's financial statements.

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

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, the Holding Company had pre-existing loans / deposits / advances / accrued interest that were due to the Holding Company and its subsidiaries from UBHL and its subsidiaries aggregating to ₹ 1,337 crores and that were consolidated into, and recorded as, an unsecured loan through an agreement entered into between the Holding Company and UBHL on July 3, 2013 ('Loan Agreement'). UBHL defaulted on its obligations to pay any amounts under the Loan Agreement. The Holding Company had made provision in prior financial years for the entire principal amount due of ₹ 1,337 crores, and for the accrued interest of ₹ 85 crores up to March 31, 2014. The Holding Company has not recognised interest income on said loan after March 31, 2014 which cumulatively amounts to ₹ 1,225 crores up to March 31, 2024. The Holding Company has cumulatively offset ₹ 206 crores payable to UBHL arising under a trademark license agreement against the principal amount of loan and interest accrued thereon.

Since UBHL had defaulted on its obligations under the Loan Agreement, the Holding Company sought redressal of disputes and claims through arbitration under the terms of the Loan Agreement. In April 2018, the arbitral tribunal passed a final award against the Holding Company. The reasons for this adverse award were disputed by the Holding Company, and the Holding Company obtained leave from the High Court of Karnataka to challenge this arbitral award. In July 2018, the Holding Company filed a petition challenging the said award before the Jurisdictional Court in Bangalore (the "Court").

The Court issued notice pursuant thereto to the Official Liquidator (OL). The Company filed its claim with the OL. Notwithstanding the arbitral award, based on management assessment supported by an external legal opinion, the Holding Company has offset payable to UBHL under the trademark license agreement against the balance of loan receivable from UBHL. During the quarter ended June 30, 2023, the OL filed an application before the High Court of Karnataka, seeking avoidance of setoff by the Holding Company of the above license fee payments and recovery of the entire license fee payable under trademark license agreement with interest. Based on the Management assessment supported by external legal opinions, the Holding Company continues to believe that it has a good case on merits. The Holding Company is contesting the application filed by the OL and has filed its statement of objections during the quarter ended September 30, 2023. The OL has subsequently filed its rejoinder during the quarter ended March 31, 2024. The Official Liquidator (UBHL) has filed another claim before the High Court of Karnataka, purportedly as loans and advances repayable to UBHL by the Holding Company, without substantiating the basis of such a claim. USL has denied this purported debt and is contesting this claim. The Holding Company believes it has a good case on merits.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(e) Dispute with IDBI Bank Limited

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, during the year ended March 31, 2014, the Holding Company prepaid 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 Holding Company as well as by a pledge of certain shares of the Holding Company held by the USL Benefit Trust (of which the Company is the sole beneficiary). The bank disputed the prepayment, following which the Holding Company filed a writ petition ("WP") in November 2013 before the Hon'ble High Court of Karnataka ('High Court') challenging the actions of the bank.

In February 2016, following the original maturity date of the loan, the Holding Company received a notice from the bank seeking to recall the loan and demanding a sum of ₹ 46 crores on account of outstanding principal, accrued interest and other amounts as also further interest till the settlement date as per the security documents. The Holding Company challenged this notice in the pending writ proceedings during which the High Court directed that, subject to the Holding Company depositing ₹ 46 crores 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 Holding 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 High Court dismissed the Holding Company's writ petition, amongst other reasons, on the basis that the matter involved an issue of breach of contract by the Holding Company and was therefore not maintainable in exercise of the court's writ jurisdiction. The Holding Company filed an appeal against this order before a division bench of the High Court, which was admitted and interim protection on the secured assets was reinstated. The writ appeal is pending.

Based on management assessment supported by external legal opinions, the Holding Company continues to believe that it has a strong case on merits and therefore continues to believe that the aforesaid amount of ₹ 46 crores 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 loans advanced by the consortium of banks 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 and the bank filed an appeal against this order before the Debt Recovery Appellate Tribunal ('DRAT'), Chennai in September 2017. The bank's appeal is pending for final hearing by the DRAT.

41B : Customer claim

During the quarter ended December 31, 2023, the Holding Company received a claim from one of its institutional customers, amounting to ₹ 365 crores inclusive of penalty. Subsequently, the Holding Company has not received any further collections from the customer till the end of the financial year i.e. March 31, 2024 . The claim pertains to a historical matter regarding differential trade terms and was disclosed in the annual financial statements for the years ended March 31, 2017, March 31, 2018, March 31, 2021 and March 31, 2022. The impact of the settlement was accounted for and disclosed in the financial statements for the earlier years. Management's assessment is that the claim from the customer is unreasoned, arbitrary in nature and is in violation of the principles of natural justice. Management is of the view that matter was resolved and settled in full in the prior years. Management has therefore not acknowledged the claim from the customer and has chosen to litigate as per the legal remedies available. The Holding Company filed a petition under the Arbitration and Conciliation Act 1996 (the "Act") before the Bombay High Court, seeking interim relief of releasing the withheld payments and to not withhold payments pending constitution of the arbitration tribunal. This is scheduled to be heard on June 24, 2024. Further, the Holding Company has also filed an application under Section 11 of the Act before the Bombay High Court, seeking the appointment of an arbitrator. The application under Section 11 is yet to be heard. Management, supported by external legal opinion, believes that it has a good case on merits with a high probability of success in realising the withheld payments. Management has also determined that the receivable from the customer at March 31, 2024 is good and recoverable.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 42: Capital and other commitments:

Particulars		As at March 31, 2024	As at March 31, 2023
(a)	Capital commitments for property, plant and equipment	27	49
(b)	Other commitments:		
	i. Advertisement, sales promotion and trade-mark fee.	51	58
	ii. Minimum offtake commitment for purchase of bulk scotch from a related party.	123	410
	iii. Relating to BCCI-IPL Franchise	9	6

Note 43: Contingent liabilities

Particulars		As at March 31, 2024	As at March 31, 2023
(a)	Income tax matters	237	233
(b)	Indirect tax matters		
	(i) State excise	118	115
	(ii) Central excise	0	0
	(iii) Sales tax and entry tax	437	417
	(iv) Goods and Services tax	0	12
	(v) Service tax	35	36
(c)	Other civil litigations and claims	119	142

Notes:

(a) **Income tax matters-** Income tax matters primarily relate to exposures under transfer pricing and disallowance of certain expenses that the Group had claimed as deductions in its Income tax returns.

(b) **Indirect tax matters-** The Group has operations across various states in India. The Group has identified possible exposures relating to local sales tax, entry tax, state excise duty, goods and services tax and central excise duty.

(c) **Other civil litigations and claims-** Other civil litigations relate to various claims from third parties under dispute which are lying with various courts/ appellate authorities.

(d) **Provident fund-** The Group has evaluated the impact of the Supreme Court ("SC") judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to non-inclusion of certain allowances in the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. There are interpretation issues relating to the said SC judgement. In the assessment of the management, the aforesaid matter is not likely to have a significant impact on the Group and accordingly, no provision has been made in the financial statements.

(e) **Use of judgement**

Management categorizes the matters based on the probability of cash outflow, which require judgement. Management obtains the views of external consultants where necessary. Based on the assessment, management recognises liability / provision, or discloses the matter as a contingent liability, except for matters where the probability of outflow of cash is considered remote. Due to uncertainties involved in the process, actual outflows may be different from those originally estimated.

The Group may be involved in legal proceedings in respect of which it is not possible to make a reliable estimate of any expected settlement. In such cases, management has determined that any potential future cash outflows are not likely to be material.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(f) Management is optimistic of a favourable outcome in the above matters based on legal opinions / management assessment. It is not practicable for the Group to estimate the timing of the cash outflows, if any, in respect of the above, pending resolution of respective proceedings.

(g) Contingent liabilities above do not include demands with respect to income tax and indirect tax matters wherein the Group has assessed the probability of outflows of economic benefits to be remote.

Note 44: Research expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages	9	7
Contribution to provident fund and other funds	1	0
Staff Welfare expense	0	0
Rent	1	1
Miscellaneous	8	7
Total Research expenses	**19**	**15**

Note 45: Interest in other entities

(a) Subsidiaries / Controlled Trusts

Name of the entity	% of ownership interest		Country of Incorporation	Principal business Activity
	As at March 31, 2024	As at March 31, 2023		
Subsidiaries:				
1. Royal Challengers Sports Private Limited	100	100	India	BCCI - IPL and WPL franchises
2. McDowell & Co. (Scotland) Limited	100	100	Scotland, U.K.	Dormant
3. Asian Opportunities and Investments Limited	100	100	Mauritius	Dormant
4. Palmer Investment Group Limited	100	100	British Virgin Islands	Dormant
5. Shaw Wallace Overseas Limited	100	100	U.K.	Dormant
6. USL Holdings Limited	100	100	British Virgin Islands	Dormant
7. USL Holdings (UK) Limited	100	100	U.K.	Dormant
8. United Spirits (UK) Limited	100	100	U.K.	Dormant
9. United Spirits (Great Britain) Limited	100	100	U.K.	Dormant
Controlled Trust:				
USL Benefit Trust	100	100	India	Investment in shares of holding company

(b) Interest in an Associate

During the prior year, Group acquired the interest in Nao Spirits & Beverages Private Limited ("Nao Spirits") by investing ₹ 32 crores by subscribing to 8,094 Compulsory Convertible Preference Shares and 4,670 equity shares. During the current year, the Group infused additional amount of ₹ 15 crores by subscribing to 6078 compulsorily convertible preference shares. The Group holds 30% ownership

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

interest on a fully diluted basis (11% of equity ownership interest) as at March 31, 2024. Management has considered Nao Spirits to be an associate since the company has significant influence over its operating and financing decisions.

In accordance with the Shareholder's agreement, the Holding Company has a right to purchase all or any of the shares held by promoters, existing investors and other shareholders upon occurrence of earlier of the Nao Spirits achieving the specified sales volume threshold (or) March 31, 2025. The exercise price of the call option shall be determined in accordance with a formula specified in the Shareholder's Agreement. As at March 31, 2024, fair value of the said call option has been determined to be immaterial.

(c) Inspired Hospitality Private Limited

On April 4, 2024, the Group invested ₹ 6 crores in Inspired Hospitality Private Limited ("Inspired Hospitality") by subscribing to 3,494 Compulsory Convertible Preference Shares and 10 equity shares of Inspired Hospitality, resulting in the Group holding 15% ownership interest on a fully diluted basis. Management has considered Inspired Hospitality to be a joint venture since the Group has joint control over its operating and financing decisions.

(d) Share of profit and assets of subsidiaries / associate

Name of the entity		Net assets, i.e., total assets minus total liabilities		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
		% of consolidated assets	Amount	% of consolidated profit/(loss)	Amount	% of consolidated other comprehensive income	Amount	% of consolidated total comprehensive income	Amount
I.	**Parent Company**								
	United Spirits Limited	95%	6,795	85%	1,192	100%	(3)	85%	1,189
II.	**Indian Subsidiaries/controlled trust**								
	1. Royal Challengers Sports Private Limited	4%	297	16%	221	-	-	16%	221
	2. USL Benefit Trust	0%	9	(0%)	(2)	-	-	(0%)	(2)
III.	**Associates**								
	Nao Spirits & Beverages Private Limited	0%	-	(0%)	(1)	-	-	(0%)	(1)
IV.	**Overseas Subsidiaries**								
	1. Asian Opportunities and Investments Limited	0%	1	(0%)	(0)	-	-	(0%)	(0)
	2. McDowell & Co. (Scotland) Limited	0%	14	0%	0	-	-	0%	0
	3. Shaw Wallace Overseas Limited	0%	2	(0%)	(0)	-	-	(0%)	(0)
	4. United Spirits (Great Britain) Limited	(0%)	(0)	(0%)	(0)	-	-	(0%)	(0)
	5. United Spirits (UK) Limited	(0%)	(0)	(0%)	(0)	-	-	(0%)	(0)
	6. USL Holdings Limited	0%	3	(0%)	(0)	-	-	(0%)	(0)
	7. USL Holdings (UK) Limited	(0%)	(0)	(0%)	(0)	-	-	(0%)	(0)
	8. Palmer Investment Group Limited	0%	0	(0%)	(0)	-	-	(0%)	(0)
Total		**100%**	**7,121**	**100%**	**1,408**	**100%**	**(3)**	**100%**	**1,405**

Note: Net assets given above exclude inter-company balances and treasury shares. Share in profit or loss, other comprehensive income and total comprehensive income exclude inter-company transactions.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 46: Segment reporting

Segment Information

The Group 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 perpetual right to the Royal Challengers Bengaluru (RCB) cricket franchise of Indian Premier League (IPL) and Women's Premier League (WPL).

The Operating Segment is the level at which discrete financial information is available. Business segments are identified considering:

(a) the nature of products and services

(b) the differing risks and returns

(c) the internal organisation and management structure, and

(d) the internal financial reporting systems.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Exceptional items and other expenses which are not attributable or allocable to segments are disclosed separately. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable assets and liabilities.

The Executive Committee of the Holding Company has been identified as the Chief Operating Decision Maker (CODM). The CODM of the Holding Company assesses performance and allocates resources for the business of the Group. Effective April 1, 2023, the Management has reassessed the composition of its segments. Accordingly, the operating segments have been changed from single operating segment to following operating segments:

- Beverage alcohol – Manufacture, purchase, franchise and sale of beverage alcohol and other allied spirits.

- Sports – Rights to operate sports franchise.

Consolidated Segment wise Revenue, Results, Assets and Liabilities as of and for the year ended on March 31, 2024

Particulars		Year ended	
		March 31,2024	March 31, 2023
1	**Segment Revenue**		
	Beverage Alcohol	10,692	10,374
	Sports	635	244
	Total Net Segment Revenue	**11,327**	**10,618**
	Inter segment elimination	(6)	(6)
	Net Segment Revenue	**11,321**	**10,612**
	Add: Excise duty (Beverage alcohol)	14,697	17,204
	Revenue from operations	**26,018**	**27,816**

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

	Particulars	Year ended	
		March 31,2024	March 31, 2023
2	**Segment Results - Earning before interest, tax, depreciation and exceptional items (EBITDA)**		
	Beverage Alcohol	1,707	1,424
	Sports	294	(6)
	Total Segment results	**2,001**	**1,418**
	Other income	225	73
	Depreciation, amortisation and impairment expense		
	Beverage Alcohol	(264)	(275)
	Sports	(11)	(8)
	Finance costs	(76)	(104)
	Exceptional items net gain/(loss) - Beverage Alcohol	(17)	176
	Share of net (loss) in associate accounted for using equity method	(1)	(1)
	Profit before tax	**1,857**	**1,279**
3	**Segment Assets**		
	Beverage Alcohol	10,598	9,424
	Sports	657	436
	Total segment assets	**11,255**	**9,860**
	Inter-Segment elimination	(6)	(99)
	Total Assets	**11,249**	**9,761**
4	**Segment Liabilities**		
	Beverage Alcohol	3,777	3,629
	Sports	357	232
	Total segment liabilities	**4,134**	**3,861**
	Inter-Segment elimination	(6)	(99)
	Total liabilities	**4,128**	**3,762**

Additional Information by Geographies

Although the Group's operations are managed basis type of product (or) service, additional information about external revenues and non-current assets based on geographies of the customers and assets is as provided below:

Particulars	Year ended	
	March 31,2024	March 31, 2023
Revenue from contracts with customers		
India	25,812	27,625
Outside India	144	133
	25,956	**27,758**
Non-current Assets		
India	3,872	3,527
Outside India	-	-
	3,872	**3,527**

The Group has one external customer (2023: one external customer) individually contributing 18 percent of the Group's revenues (2023: 30 percent).

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Note 47: Exceptional items

a) Transfer pursuant to sale of business undertaking

During the year ended March 31, 2023, the Group (i) completed the slump sale of the entire business undertaking associated with 32 brands in the 'Popular' segment to Inbrew Beverages Private Limited ("Inbrew"); and (ii) given effect to the franchise of 11 other brands in the 'Popular' segment in favour of Inbrew for a period of five years, with an option for Inbrew, subject to certain conditions, (a) to convert the fixed term franchise arrangement into a franchise arrangement with perpetual right to use; and / or (b) to acquire such brands (collectively, the "Transaction").

In line with the terms of the slump sale agreement, all the assets and liabilities related to the business undertaking were transferred to Inbrew for a consideration of ₹ 818 crores (after certain pre-closure adjustments) and a profit on sale of the business undertaking amounting to ₹ 380 crores (net-off costs attributable towards sale and accruals) was recognized as an 'exceptional item' during the year ended March 31, 2023.

During the year ended March 31, 2024, the Holding Company has satisfied last of the post-closure conditions for sale of the undertaking and has consequently recognised the unrecognised gain on sale amounting to ₹ 31 crores and has presented it as an exceptional item. Also refer note 29(a).

Pursuant to the slump sale agreement the Holding Company opened an account with a bank and has authorised designated signatories from Inbrew to operate the account. The bank account was opened for the sole purpose of facilitating Inbrew to receive collections from a Government customer and make payments towards liabilities of Inbrew, until certain licenses are transferred to Inbrew. The Holding Company does not have a present right to appoint authorised signatories and has no right to the economic benefits in respect of the balance in this account. Accordingly, the Holding Company has not recognised the transactions and the balance in the said bank account in these financial statements.

b) Supply agility programme

During the year ended March 31, 2023, the Board of Directors of the Holding Company have approved a multi-year supply chain agility programme. The programme primarily is directed towards the optimization of the existing manufacturing footprint with an intent to strengthen its end-to-end supply chain and make it fit for the future. The total implementation cost of the supply chain agility programme, majority of which are expected to be recognized as exceptional items, will be recorded when the recognition criteria are satisfied.

During the year ended March 31, 2023, the Holding Company has recognised a provision of ₹ 157 crores under exceptional items, towards the impairment loss on property, plant and equipment covered under the programme by writing down their carrying amounts to net realizable values which includes provision on certain land holdings on account of potential regulatory risks (impaired based on independent valuation) and severance cost relating to a closed unit.

During the year ended March 31, 2024, the Holding Company has recongnised an additional provision of ₹ 48 crores under exceptional items, towards impairment loss of property, plant and equipment covered under the programme by writing down their carrying amounts to net realizable values and severance cost relating to some closed units. (refer note 29(b)).

Note 48: Additional regulatory information required by Schedule III

i. Details of benami property held

The Holding company and it's subsidiary in India does not hold any benami property. No proceedings have been initiated or are pending against the Holding company and it's subsidiary in India for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

ii. Borrowing secured against current assets

The Holding company and it's subsidiary in India have no borrowings from banks and financial institutions on the basis of security of current assets.

iii. Willful defaulter

None of the Entities in the The Holding company and it's subsidiary in India have been declared willful defaulter by any bank or financial institution or government or any government authority.

iv. Relationship with struck off companies

The Holding Company and it's subsidiary in India have no transactions with the companies struck off under the Companies Act, 2013 or the Companies Act, 1956 except for the following:

Name of the struck off company	Nature of transactions with the struck off company	Balance outstanding as at March 31, 2024	Balance outstanding as at March 31, 2023	Relationship with the struck off company
Rmb Hospitality (India) Private Limited	Sales of goods and receipt of consideration	0	0	Customer
Srisri Creations Jewels And Handicrafts Private Limited	No transactions during the period	0	0	Customer
Alkanet Hospitality Private Limited	Sales of goods and receipt of consideration	0	-	Customer
Charuu Multi Services Private Limited	Sales of goods and receipt of consideration	-	0	Customer
Crudex Lng Petroleum Private Limited	Sales of goods and receipt of consideration	0	0	Customer

v. Compliance with number of layers of companies

The Holding Company and it's subsidiary have ensured compliance with Section 2(87) of the Companies Act, 2013, read with the Companies (Restriction on Number of Layers) Rules, 2017 ('Layering Rules').

vi. Utilisation of borrowed funds and share premium

The Holding Company and it's subsidiary in India have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries).

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Holding Company and it's subsidiary have not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Holding Company and it's subsidiary in India shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

vii. Undisclosed income

There is no income surrendered or disclosed as income during the current or prior year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of accounts of the Holding Company and it's subsidiary in India.

viii. Compliance with approved scheme(s) of arrangements

The Board of Directors ("Board") of PDL and of the Holding Company at their respective meetings held on December 2, 2019 considered and approved a scheme of amalgamation and arrangement (the "Scheme") in relation to the amalgamation of PDL with the Holding Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules thereunder. The scheme was approved by the National Company Law Tribunal (NCLT) on November 4, 2022. The Holding company and it's subsidiary in India have not entered into any such scheme of arrangement which has an accounting impact on current financial year.

ix. Loans or advances to specified persons

The Holding Company and it's subsidiary in India have not granted any loans or advances to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, expect for the parties mentioned under Note 46(b) that are:

(a) Repayable on demand

(b) without specifying any terms or period of repayment

x. Details of crypto currency or virtual currency

The Holding Company and it's subsidiary in India have not traded or invested in crypto currency or virtual currency during the current or prior year.

xi. Valuation of property, plant and equipment, intangible asset and investment property

The Holding Company and it's subsidiary in India have not revalued its property, plant and equipment or intangible assets or both during the current or previous year.

xii. Utilisation of borrowings taken from banks and financial institutions for specific purpose

The Holding Company and it's subsidiary in India have not availed borrowings from any banks or financial institutions during the year for a specific purpose.

Note 49 - Summary of other accounting policies

49.1 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

The acquisition method of accounting is used to account for business combinations by the Group except for common control transactions.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 49% of the voting rights. Investments in associates are accounted for using the equity method of accounting [see (iii) below], after initially being recognized at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of loss in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also estimated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 49.4 below.

The Group does not have any investments in joint ventures.

(iv) Changes in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate."

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

49.2 Property, plant and equipment

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All expenses in the nature of repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

The cost of property, plant and equipment which are not ready for their intended use at the balance sheet date, are disclosed as capital work-in-progress.

Disposals

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are accounted in Statement of profit and loss within Other income / Other expenses, on a net basis.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

49.3 Intangible assets

Research and development costs

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

49.4 Investment in Associates

Investments in associates are carried at cost/ deemed cost, less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

On disposal of investments in associates, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of profit and loss.

On adoption of Ind AS, Group has measured these investments at deemed cost using the net carrying value as per previous GAAP as at March 31, 2015. The Group has subsequently measured its investments in equity shares of the associate at cost in accordance with Ind AS 27.

49.5 Financial instruments

A) Financial assets:

a) Recognition and measurement

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets except trade receivables are recognised at fair value. Financial assets are subsequently classified and measured at amortised cost. Financial assets are not reclassified subsequent to their recognition, except if and in the period the Group changes its business model for managing financial assets.

i) Loans

On initial recognition, loans are measured at fair value. Since the objective is to hold these financial assets to collect contractual cash flows that are solely payments of principal and interest, these assets are subsequently measured at amortised cost using the EIR method less impairment, if any.

ii) Other financial assets:

On initial recognition, other financial assets are measured at fair value, and subsequently, measured at the amortised cost, less impairment if any. Loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

b) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

c) Impairment of financial assets

The Group applies Expected Credit Losses (ECL) model for measurement and recognition of loss allowance on trade receivables and other financial assets measured at amortised cost.

In case of trade receivables, the Group follows the provision matrix approach (as permitted by Ind AS 109) wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

In case of other financial assets, the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance. Subsequently, if the credit quality of the financial asset improve such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognising impairment loss allowance based on 12-month ECL.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive (i.e., cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the Consolidated Statement of Profit and Loss under the head 'Loss allowance on trade receivables and other financial assets'.

d) Income recognition

Dividend income on investments is recognised and accounted for when the right to receive the payment is established, it probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

Interest income is accounted for on a time-proportion basis using effective interest rate method taking into account the amounts invested and the rate of interest, except for financial assets that subsequently become credit impaired.

For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

B) Financial liabilities:

a) Recognition and measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. On initial recognition, financial liabilities are measured at fair value and subsequently measured at amortised cost.

Trade and other payables

In case of trade and other payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest rate method.

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per credit period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

b) Derecognition

The Group derecognises a financial liabilities when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

c) Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

49.6 Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and performance incentives that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services rendered up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under 'Other financial liabilities' in the balance sheet.

b) Post-employment obligations

The Group's defined benefit plans comprise gratuity, pension and provident fund (administered by trusts set up by the Group, where the Group's obligation is to provide the agreed benefit to the qualifying employees and the actuarial risk and investment risk if any, fall in substance, on the Group).

Pension and gratuity obligations

The net liability or asset recognised in the balance sheet in respect of pension and gratuity (defined benefit plans) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident fund

The Group operates a defined benefit provident fund plan for certain category of eligible employees. The minimum statutory rate at which the annual rate of interest is payable to the beneficiaries of such plan is declared by the Central Government. The Group has an obligation to make good the shortfall if any, in the statutory rate prescribed by the Government and the rate of interest declared by the Trust. The Group also has an obligation to fund any shortfall in the fair value of plan assets as compared with the defined benefit obligation.

During the year, the Group has transferred its Provident Fund obligation from the Trust to Employee Provident Fund Organization (EPFO). Consequently, the Plan has been accounted as a defined contribution plan.

Defined contribution plans

These are plans in which the Group pays pre-defined amounts to funds administered by government authority and the Group does not have any legal or constructive obligation to pay additional sums. These comprise contributions in respect of Employees' Provident Fund, Employees' Pension Scheme, Employees' State Insurance, Superannuation fund and National Pension Scheme. The Group's payments to the defined contribution plans are recognised as employee benefit expenses when they are due.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

c) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields of government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

e) Share-based payments

Share based compensation benefits are provided to certain grades of employees in the form of United Spirits Limited- Stock Appreciation Rights Plan, a cash settled scheme, and various equity settled schemes managed by Diageo group.

Stock appreciation rights

Liabilities for the Group's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as current / non-current provisions in the balance sheet.

Diageo group share based payment arrangements

The fair value of equity settled share options based on shares of Diageo plc. (the ultimate holding Group) is initially measured at grant date and is charged to the Statement of Profit and Loss over the vesting period, which is the period over which all of the specified vesting conditions are satisfied, and the credit is included in equity. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market and service conditions. It recognises the impact of revision to original estimate, if any, in profit or loss, with a corresponding adjustment to equity. Once the costs towards share option plans are cross charged by Diageo group companies, the same is accounted for as a reduction from equity. To the extent the amount or recharge exceeds the fair value of equity shares on the date of exercise, the same is recognised in the Statement of Profit and Loss.

49.7 Income tax

Income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

49.8 Earnings per share (EPS)

Basic EPS is arrived by dividing profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

49.9 Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

A provision is made in respect of onerous contracts, i.e., contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contracts. Provisions are not recognised for other future operating losses. The carrying amounts of provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

49.10 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

49.11 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

49.12 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions are complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to property, plant and equipment, it is recognised as deferred income and recognised as income in Statement of Profit and Loss over the expected useful life of the related asset. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized at government rate. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

49.13 Exceptional items

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature and incidence that its disclosure is relevant to explain more meaningfully the performance of the Group for the year, the nature and amount of such items is disclosed as exceptional items.

49.14 Equity

Own shares represent shares of the Group and those held in treasury by USL Benefit Trust. Pursuant to orders of the High Court of Karnataka and the High Court of Bombay, shares held in aforesaid trust have been treated as an investment.

Dividends - Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

49.15 Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Indian Rupee (₹), which is Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the Consolidated Statement of Profit and Loss.

Notes to the Consolidated financial statements (Continued)

(All amounts in ₹ crores unless otherwise stated)

(iii) Transaction of Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income as 'Foreign currency translation reserve'.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognized in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

49.16 Rounding of amounts

For the year ended March 31, 2024, the Group has changed its' currency denomination from ₹ millions to ₹ crores. Accordingly, all amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III (Division II) to the Act, unless otherwise stated. The sign '0' in these financial statements indicates that the amounts involved are below ₹ fifty lakhs and the sign '-' indicates that amounts are nil.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm registration number: 304026E/E-300009
Chartered Accountants

Dibyendu Majumder
Partner
Membership number: 057687

Place: Mumbai
Date: May 24, 2024

For **and on behalf of the Board of Directors**

Mahendra Kumar Sharma
Chairman
DIN: 00327684
Place: Mumbai

Hina Nagarajan
Managing Director and Chief Executive Officer
DIN: 00048506
Place: Mumbai

V K Viswanathan
Director
DIN: 01782934
Place: Mumbai

Pradeep Jain
Executive Director and Chief Financial Officer
DIN: 02110401
Place: Mumbai

Mital Sanghvi
Company Secretary
Place: Mumbai

Date: May 24, 2024

Notes

Corporate Information

Executive Director and Chief Financial Officer

Pradeep Jain

Vice President - Treasury & Company Secretary

Mital Sanghvi

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