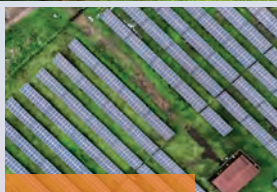
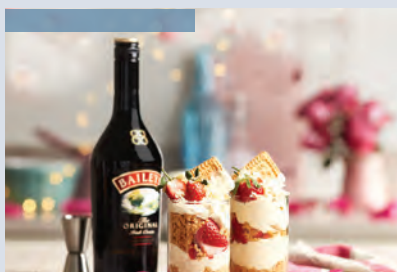


STEERED  
*by purpose.*

STIRRED  
*by passion.*



# CONTENTS

## 02 Corporate Overview

- 02 About Us
- 03 Board of Directors
- 04 Chairman's Message
- 05 Managing Director & CEO's Message
- 07 Building a Portfolio of Progressive Power Brands
- 11 Building a Future-Ready Organisation
- 13 Society 2030: Spirit of Progress

## 17 Statutory Reports

- 17 Notice
- 32 Directors' Report
- 41 Management Discussion and Analysis
- 77 Corporate Governance Report
- 104 Business Responsibility and Sustainability Report (BRSR)

## 152 Financial Statements

- 152 Standalone
- 248 Consolidated



# SIR IVAN MENEZES

1959 – 2023



*"As this annual report goes to print, I am deeply saddened by the news of Sir Ivan Menezes, CEO Diageo plc, passing away on June 7th, 2023. Over the last 25 years, Ivan built an extraordinary legacy and shaped Diageo to become one of the best-performing, most trusted and respected consumer companies. Ivan's energy and his commitment to diversity created a truly inclusive business, and enabled Diageo the world over to have a positive impact on the communities we serve. During his decade as CEO, Diageo saw an outstanding period of growth. Ivan was the biggest brand ambassador for India. He was a big believer in the potential of India and our team. We will continue to draw from his inspiration and 'Keep walking'."*

**Hina Nagaraajan**

Managing Director & CEO, Diageo India

# ABOUT *Us*

United Spirits Limited is one of the leading beverage alcohol companies in India and a subsidiary of global leader Diageo plc. We manufacture, sell and distribute an outstanding collection of iconic global and premium Indian brands.

As a purpose-led business, we are sensitive to the needs of our consumers, community and environment. We are proud of being a responsible producer and marketer of beverage alcohol, and we champion responsible consumption with our "drink better, not more" narrative.

## OVERVIEW



**15+**  
Brands



**37**  
Manufacturing  
Facilities



**3,000+**  
Employees

## FINANCIAL PERFORMANCE

Reported Standalone Financials

**₹ 27,577 crore**

Revenue from Operations

**₹ 1,052 crore**

Profit After Tax

**13.68%**

EBITDA Margin

**₹ 14.46**

Earnings Per Share

Credit Rating: Crisil AAA/Stable



## NON-FINANCIAL PERFORMANCE

**88%**

Employee  
Engagement Score\*

**44%**

Improvement in  
Water-use Efficiency in  
Our Distilleries  
(Base Year FY20)

**89%**

Reduction in  
Greenhouse Gas  
Emissions  
(Base Year FY20)

Over **4 lakh** People  
Educated through our  
Responsible Drinking  
Programmes

\*"Your Voice", an internal employee survey

# BOARD OF *Directors*



**Mahendra Kumar Sharma**  
*Chairman & Independent Director*



**Hina Nagarajan**  
*Managing Director & CEO*



**V K Viswanathan**  
*Independent Director*



**D Sivanandhan**  
*Independent Director*



**Rajeev Gupta**  
*Independent Director*



**Dr. Indu Shahani**  
*Independent Director*



**John Thomas Kennedy**  
*Non-Executive Director*



**Mark Dominic Sandys**  
*Non-Executive Director*



**Pradeep Jain**  
*Executive Director and  
Chief Financial Officer*



**Mamta Sundara**  
*Non-Executive Director*

## Committee Membership

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

### Notes:

- Randall Ingber, resigned as a director with effect from the end of day January 31, 2023.
- New appointments effective 1 February 2023: Pradeep Jain as Executive Director and Chief Financial Officer and Mamta Sundara as Non-Executive Director.
- John Kennedy has resigned from the Board. His effective date of cessation is from the end of day June 30, 2023.

# CHAIRMAN'S *Message*



**I am pleased with the performance delivered by the team during the year. We have built a strong foundation to drive business efficiencies, deliver consistent value, build credibility and trust, and engage our talent.**

## **Dear Shareholders,**

It gives me great pleasure to share that our sharp focus on the execution of the growth strategy and enhanced productivity initiatives have made us a bigger and stronger entity over the years.

While the operating environment remained challenging for the industry amidst double-digit inflationary pressures and geo-political headwinds leading to the surge in prices of critical raw materials, we navigated the headwinds successfully and delivered sustained double-digit growth, demonstrating the resilience of our business and strategy.

## **Creating value**

I am pleased with the performance delivered by the team during the year. We have built a strong foundation to drive business efficiencies, deliver consistent value, build credibility and trust, and engage our talent. Our focus is to create an organisation of the future that is agile and resilient and also enables our systems and processes to deliver profitable growth for our shareholders in a consistent and sustainable manner. In view of this, the Company has embarked on certain transformational projects which include a multi-year supply agility programme.

In addition, we are taking steps to simplify our legal entity footprint and completed the merger of Pioneer Distilleries Limited this year. These, along with other initiatives such as the removal of mono-cartons will help us to progress towards creating an efficient and sustainable business entity. We continue to make good progress in achieving our Society 2030 goals and our efforts have been recognised. The Alliance for Water Stewardship (AWS) Certification (Core) for our distillery in Alwar is a testament to our commitment on driving water stewardship.

## **Our environment**

While we expect inflationary headwinds to continue in the near term, we remain optimistic about the medium to long-term business prospects and our ability to harness growth opportunities. The convergence of India's robust economic growth and a vibrant, burgeoning young Legal Drinking Age demographic creates a massive opportunity for our industry to grow. The larger consumption story remains anchored in premiumisation with rising consumer aspirations, higher disposable incomes and drinking better, not more. Moreover, consumer behaviour is undergoing a structural shift with consumers preferring to experiment and repertoire drinking has picked up as a trend.

## **Looking ahead**

As we move forward, with a continued focus on premiumisation, and renewed thrust on craft and innovation, we are confident of capitalising on evolving market trends and propelling growth. We will continue to invest in our brands and explore future growth opportunities, unlock better value for all stakeholders and shape positive outcomes for our society.

In closing, I want to express my gratitude to our shareholders, for your continued confidence in our Company. I would also like to thank my fellow Board Members for their guidance and support.

Warm Regards,

**Mahendra Kumar Sharma**  
Chairman

# MANAGING DIRECTOR & CEO'S *Message*



## Dear Shareholders,

It is a pleasure to share Diageo India's performance for the financial year 2022-23. Your Company demonstrated strong growth momentum even as the external environment remained challenging. Before delving into the progress made across the key pillars of the strategy, let me share the financial highlights.

## Performance

For the full year, reported net sales increased 10.1% consistent with our ambition of delivering double-digit growth. It reflects the recovery in the on-trade, continued consumer demand in the off-trade and sustained home consumption trends. Strong premiumisation delivery and the accelerated reach of our innovations like Royal Challenge American Pride and the renovated offerings including Royal Challenge and Signature are adding to the mix benefit. Our Prestige & Above segment contributed 80.6% of reported net sales, an increase of 22.8% demonstrating a strong growth rate of the portfolio in line with our premiumisation strategy. Our Profit After Tax grew at 23.6% to ₹ 1,052 crore.

Our capital allocation strategy is balanced, value accretive and indexed towards supporting core growth through renovation,

innovation and new growth engines. This aligns well with our long-term vision of providing consumers with greater choices and newer offerings. We remain focussed on our strategy of reshaping the portfolio, driving commercial excellence: in-store and on-premise, revenue growth management and everyday efficiency and productivity extraction.

## A strong foundation for future growth

The country is at an inflexion point and our transformational growth strategy is designed to help us capitalise on the opportunities with our "future-back" approach. During the year, we have made good progress across the three pillars of our strategy; this has instilled confidence in us, that we are on the right track.

## Accelerating portfolio reshape

We have intensified brand innovations and renovations over the last year aligned with changing consumer choices, entry of new cohorts and premiumisation trends.

With the thrust on innovation, and to strengthen our craft and premium portfolio, we invested ₹ 45 crore to set up our Innovation Hub, "The Good Craft Co.", in Ponda, Goa last year.

I am happy to share that our Technical Centre and Innovation Accelerator in Bengaluru is the first in the industry to be recognised by the Department of Scientific and Industrial Research (DSIR), a demonstration of our leading in-house Research & Development capabilities.

During the year, we introduced Johnnie Walker Blonde, a light scotch variant for the next-generation non-scotch consumer. We have also launched Godawan 100, an exclusive limited edition artisanal single malt that honours and advocates the conservation of the Great Indian Bustard, an endangered bird. I am proud to share that Godawan, an example of exceptional Indian craftsmanship won the superior taste award at the International Taste Institute Brussels, the Grand Gold & Gold Awards at The Monde Selection World Quality Awards, Brussels and Silver at the World Spirits Awards, Austria. Godawan is now available across six states in India and globally in UAE and USA. We sharpened our portfolio execution on salient segments and brands such as Black & White, Black Dog and Royal Challenge. We also accelerated the reach of our innovations such as Royal Challenge American Pride and the renovations of Royal Challenge and Signature in the country.

As part of our prudent active portfolio management, we completed the sale and franchising of select popular brands to Inbrev Beverages Private Limited. We also completed the merger of Pioneer Distilleries Limited and signed definitive agreements to divest the non-operative Sovereign Distilleries Limited. These strategic developments enable a simplified legal entity footprint.

## Building future-ready capabilities

We continue to focus on embedding digital capabilities, enhancing business efficiency and driving inclusion & diversity at all levels.

Carrying forth the spirit of "Keep Walking" by Johnnie Walker, we launched Walkers & Co., a platform that celebrates a new generation of culture shapers who are pushing boundaries across genres.

We continued to accelerate consumer engagement, content and community building through "In.thebar.com" a one-stop place accessible through the website and social media to help people celebrate and create memorable moments.

During the year, we continued to leverage technologies such as AI for market visibility and reach, salesforce automation, predictive analysis for sourcing and blockchain-based track and trace system to curb counterfeiting, drive consumer transparency and measure our sustainability interventions.

In addition to efficiency savings, we have embarked on a three-year supply chain agility programme. The programme will help strengthen our end-to-end supply chain and improve its resilience, agility and efficiency, thereby making it future-ready.

As part of our Inclusion & Diversity (I&D) priority, our aim is to have 50% women representation in our leadership team by 2025. We have made good progress during the year with 50% women representation in our executive committee and 50% of our new hires being women. Our continued efforts have resulted in driving inclusion, over 60 people with disabilities are working in our manufacturing units and we are expanding the narrative to the LGBTQ+ community.

I am delighted to share that our 100% subsidiary, Royal Challengers Sports Private Limited has won the bid to own and run the Women's Premier League team for Bangalore. This is yet another step in taking forward our inclusion and diversity agenda, and is aligned with our purpose of celebration.

We continue to invest in our talent to help them develop capabilities for the future. Our internal "Your Voice" Survey reflected our passion and purpose, and our overall

**The country is at an inflexion point and our transformational growth strategy is designed to help us capitalise on the opportunities with our "future-back" approach. During the year, we have made good progress across the three pillars of our strategy; this has instilled confidence in us, that we are on the right track.**

employee engagement score is 88%, an increase of 2 points from the previous year. 95% are proud to work for Diageo India and 87% would recommend Diageo India as a great place to work. Diageo India was recognised as a Silver Employer by Pride Circle India Workplace Equality Index and the Most Preferred Workplace 2022 in association with India Today, a testament to our many efforts towards creating an equal and inclusive workplace.

### **Accelerating our Sustainability journey**

We continued to deliver on our Society 2030: Spirit of Progress, ESG action plan. Our sustained efforts have yielded positive results across key areas such as water stewardship, waste management, circularity, safety and corporate governance.

I am delighted to share that our Alwar distillery in Rajasthan, is the first spirit distillery in Asia to receive the coveted Alliance for Water Stewardship (AWS) certification (core). A global benchmark for water stewardship, this certification is a recognition of our sustainable water management practices in Alwar, Rajasthan. USL was also recognised as a "Top-Rated ESG Performer for 2022" by Sustainalytics in their newly released 2023 Top-Rated ESG Companies list.

During the year, we announced our partnership with The Nature Conservancy for a regenerative agriculture programme in Punjab and Haryana for rice and wheat crop farmers.

We are also leveraging an innovative technology that draws water from the air, thereby saving groundwater, and this water will soon be used in Godawan.

We launched our maiden Environmental, Social, Governance (ESG) Reporting Index providing an overview of the progress made across the three pillars of our Society 2030 goals and initiated the phased removal of mono-cartons starting with our premium scotch brands to help reduce paper wastage and carbon emission.

*Read more in the BRSR section of the report.*

### **The way ahead**

While inflationary pressures are expected to continue in the near term, we remain confident in the resilience of our business and industry. India's consumption and growth story remains strong with rising incomes and purchasing power and the youngest large economy in the world, adding 100 million 'new consumers' entering Legal Drinking Age in the next 5 years.

With the consumer at the heart of our business, the strength of our reshaped portfolio and the investment we are making to accelerate our strategic priorities, we are confident of growing the business in a consistent and sustainable way to create long-term value for all our stakeholders.

I extend my gratitude to the Board for their counsel and support. I would also like to thank you all for your steadfast support to Diageo India and look forward to creating better value for all our stakeholders.

Warm Regards,

**Hina Nagarajan**

Managing Director & CEO

# BUILDING A PORTFOLIO OF *Progressive Power Brands*

Diageo is proud to be one of the best brand builders in the world offering meaningful and purposeful brands that are loved and trusted by millions of consumers globally and in India. Our brands and brand engagement efforts put innovation, inclusivity and sustainability at the centre of their purpose, reflecting evolving consumer needs.

## COMMITMENT TO SUSTAINABILITY

We took our commitment to sustainability to the next level with key initiatives across our portfolio.



### Signature “Green” experiential events and partnerships

In line with its proposition of being crafted with nature and its aspiration to be the “greenest whisky brand in India”, Signature Packaged Drinking water associated with the iconic and sustainable Ziro Music Festival. Signature also launched “Green Vibes”, a series of unique “festivals with nature”, focussing on sustainability and authentic provenance.



### Taking the “Spirit of the Desert” to the World

Our artisanal single malt, Godawan, which won several global awards continues to promote mindful luxury and conscious consumption while actively working towards conserving the near-extinct Great Indian Bustard. The brand was launched in New York, while a limited edition Godawan 100 range was launched for private collectors in Jaipur, with proceeds from sales going towards the conservation of the bird’s habitat. The brand continued to be associated with the Cannes Film Festival this year, making it a benchmark for Indian artisanal single malts. Godawan will use sustainable drinking water generated through innovative technology that draws water from the air to conserve ground water.



### Removal of Mono Carton

We initiated the phased removal of mono cartons across our iconic brands: VAT 69, Black & White, Black Dog, McDowell’s No1, Signature, Antiquity and Royal Challenge. This is aligned with our commitment to becoming sustainable by design. The initiative proactively engages consumers to promote a sustainable future and will result in saving 10,000 tonnes of paper and reducing 7,000 tonnes of carbon emissions annually.

## PROGRESSIVE PORTRAYAL

Our purpose is to celebrate life every day, everywhere and with everyone. The year saw several brands taking bold steps ahead in progressive portrayal.



### Meet Walkers & Co.

Bringing to life the rallying cry of “Keep Walking”, Walkers & Co., launched by Johnnie Walker Refreshing Mixer (Non-Alcoholic), is a platform that sparks fresh conversations around the tenets of collaboration, co-creation and communities. Walkers & Co. celebrates individuals driven by self-belief, who have a unique sense of purpose, and whose work inspires collective progress in their communities. Our lead Walkers include international musicians & creators John Legend and Raja Kumari, Drag Queen & LGBTQ+ advocate Sushant Divgikar aka Rani KoHENur and contemporary artist & designer Hanif Kureshi.



### Walkers & Co. X Cultural Hotspots

Walkers & Co. brought alive the spirit of collaboration, co-creation and community through music and art, making its presence felt in moments in culture, such as “Lollapalooza”, “Royal Challengers Unboxing” prior to the Tata IPL, and “Sauce by Social”, defining the now and next in culture.



### Say Hello to the Royal Challenge “Naya Shers”

Following the set path has always been professed as the right one through generations. But the Naya Shers are “choosing bold”, breaking out and charting their own path, and represent the confident Indians who want to make a mark. We celebrate these vertical invaders with a brand anthem anchored by Royal Challenge Packaged Drinking Water.

The Royal Challenge brand is committed to driving diversity and inclusion, a fact that shines through in our women director-producer duo as well as Jonita Gandhi leading the charge in the campaign, besides championing influencers leading attitudinal change over body positivity and vitiligo.



### Take a Seat at the “Table for Everyone” with Black & White

“Table for Everyone” by Black & White Ginger Ale is a unique platform that creates new spaces and lays the table for meaningful conversations that forge new connections or rekindle shared ones over unique culinary experiences.

To bring the ethos of the campaign alive, Black & White Ginger Ale launched a unique game called “Cards for Sharing”, which propels the concept of authentic sharing into consumer homes. The cards contain simple, light-hearted yet thought-provoking questions that stimulate meaningful sharing and forge bonds amongst diverse people.