

Bangalore
July 31, 2013

PRESS RELEASE

UNAUDITED RESULTS APR-JUNE'13

Results Summary:

Q-I of F14

- **7% net sales revenue growth with static volume**
- **20% growth in the strategic Prestige & Above brands**

The Board of Directors of United Spirits Limited at their meeting in Bangalore today, considered and approved the unaudited results for Q-I of fiscal 2014. This was the first meeting of the reconstituted Board of Directors.

The results of the Company for are as follows:

Jan-Mar'13 F13		Apr-Jun'13 F14	
31.24	Volumes – USL INDIA (Million Cases)	31.34	↔
2,057.69	REVENUE (₹Crore)	2,192.34	+₹135 Cr ↑ 7%
236.09	Operational EBIDTA (₹Crore)	292.91	+₹57 Cr ↑ 24%
84.82	Profit Before Tax (₹Crore)	177.31	+₹92 Cr ↑ 109%
56.01	Profit After Tax (₹Crore)	118.12	+₹62 Cr ↑ 110%

During the first quarter of fiscal 2014, the strategic brands of the Company grew 20% and added 1.34 million cases. These brands now represent over 26% of the overall volumes of USL compared to 22% for the comparable quarter and 23% for fiscal 2013.

The results have been impacted by a sharp increase in the costs of its primary raw material - Extra Neutral Alcohol (ENA) - over the comparative period of the previous fiscal. The increase of nearly ₹ 20/case translates to an adverse impact of over ₹ 61 crore in the Cost of Goods which flows down to the operating profit line. The evident cartelization by vendors when quoting for the ethanol supply tenders of the Oil Marketing Companies is a pointer to further increases in the price of this key ingredient.

Similarly, higher expenditure on IPL 6 that took place during Q-I has led to a 150 basis points increase in Advertising and Sales Promotion expenditure.

The following two events of significance took place after the last Board Meeting of the Company held on May 15, 2013:

- On May 27, 2013 the Board of Directors approved the issue and allotment of 14,532,775 equity shares of face value of ₹ 10/- each at a price of ₹ 1,440/- per share to Relay B.V., an indirect wholly owned subsidiary of Diageo plc on a preferential basis. An aggregate amount of ₹ 20,927,196,000/- was received as consideration towards the issue.
- United Breweries (Holdings) Limited and related companies sold 21,767,749 equity shares held by them in USL to Relay B.V. at a price of ₹ 1,440/- per share on July 4, 2013.

As a result of the above, and together with the shares tendered in the open offer by the public shareholders of the Company, Diageo plc now holds 36,359,192 shares representing 25.02% of the share capital of the Company. Shares owned by the USL Benefit Trust of which USL is a beneficiary, which represents 2.38% of the share capital of USL are to be purchased at a later stage once the release of all security interests over these shares is obtained.

The Board of Directors has also been reconstituted to reflect the change in the share holding pattern.

Tamil Nadu continues to be a dampener on USL business with the ordering mechanism deliberately skewed to favor brands from select local vendors at the cost of the popular brands of USL. From a situation 3 years ago where one of every three bottles sold in Tamil Nadu was from the USL stable, the USL share is now down to one out of every six bottles sold.

Strategic brands of the Company continue to perform well. The No.1 McDowell's Whisky family has registered a healthy growth of just under 25%. The DietMate series which incorporates an ingredient developed through a patented process of the Vittal Mallya Scientific Research Foundation now has 3 brands under its belt - Royal Challenge DietMate Whisky, No.1 McDowell's DietMate Whisky and Bagpiper DietMate Whisky - these are gradually being rolled out nationally at prices that are at a premium to the mother brands. The Black Dog range has been embellished with the introduction of premium variants of the mother brand - Black Reserve, Gold Reserve and Triple Gold Reserve, in addition to the 21-Year Old Quintessence and 18-Year Old Reserve. These brands will be introduced gradually in key Scotch whisky markets.

Interest costs for the quarter are down around 4% representing the benefit of repayment of ₹1,600 Crore of loans at the end of May 2013 from the proceeds of the issue of preference capital. Further reduction in interest costs is likely during the year.

