



UNITED SPIRITS LIMITED

Bangalore
November 8, 2013

PRESS RELEASE

UNAUDITED RESULTS JUL-SEP'13 & H-I FISCAL 2014

Results Summary:

Q-II of FY14

- PBT up 267% at ₹141.2 crore (+₹103 Cr.)
- 7% effective net sales revenue growth with almost static volume
- 21% growth in the strategic Prestige & Above brands

H-I of FY 14

- PBT up 26% at ₹318.5 crore (+₹66 Cr.)
- 7% effective 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-II of fiscal 2014.

The results of the Company for Q-II (July – September) are as follows:

FY 13	July - September	FY 14	
28.42	Volumes – USL INDIA (Million Cases)	28.10	↔
1,906.0 *	REVENUE (₹Crore)	2,038.7	+₹132.7 cr ↑ +7%
38.5 *	Profit Before Tax (₹Crore)	141.2	+₹103Cr ↑ 267%
25.4 *	Profit After Tax (₹Crore)	94.3	+₹69 Cr ↑ 273%

* Effective figures (excluding one-off sale of bulk malt spirit)

FY 13	April – September	FY 14	
59.69	Volumes – USL INDIA (Million Cases)	59.45	↔
3,963.0 *	REVENUE (₹Crore)	4,231.0	+₹268 cr ↑ 6.8%
252.4 *	Profit Before Tax (₹Crore)	318.5	+₹66.1Cr ↑ 26.2%
170.1 *	Profit After Tax (₹Crore)	212.4	+₹42.3 Cr ↑ 24.8%

** Effective figures (excluding one-off sale of bulk malt spirit)*

During the second quarter of fiscal 2014, the strategic brands of the Company in the Prestige & Above segment grew 21% in volume (adding 1.34 million cases) and 27% in value. These brands now represent nearly 28% of the overall volumes of USL vis-à-vis 26% for the comparable quarter and 23% for fiscal 2013.

Extra Neutral Alcohol (ENA) prices continue to unfavorably impact the business. On average, the cost of this key ingredient has risen by ₹20/case compared to Q-II and H-1 of the previous fiscal. Given the huge volumes of the Company this translates to approximately ₹56 crore for Q-II and approx. ₹120 crore for H-I. While a rise in cost of inputs is the stated reason for this increase, the truth lies elsewhere – an attempt by the sugar lobby to raise prices on the strength of an alternate high paying customer – the Oil Marketing Companies (OMC) - for their Ethanol Blending program. As far as the OMCs are concerned, their willingness to pay higher prices to Indian Ethanol vendors is linked to the higher cost of imports. This is notwithstanding the fact the EBP is not beneficial to consumers in the long run.

As has been reported for some time now, the USL business in Tamil Nadu has been adversely affected by the skewed order placement by the parastatal buying agency in that State. Additionally, despite inflation and rising cost of inputs, the last price increase granted to manufacturers in Tamil Nadu was in Dec 2007.

The continued focus on the brands at the upper end of the portfolio has helped them register healthy growth. While the No.1 McDowell's family of whisky brands has registered a growth of 25%, Black Dog Scotch grew by 34%, Antiquity Whisky by 16% and Royal Challenge by 15%. – all comparisons are vis-a-vis the comparable period of fiscal 2013.

Interest costs are down ₹33.6 Cr in Q-II and ₹39.7 Cr. in H-I as a consequence of the loan repayment of ₹1,857.4 crore effected from the proceeds of the issue of Preference Capital and the sale of shares by USL's Subsidiary Companies to Diageo.

