

PRESS RELEASE

United Spirits Limited (Standalone only)

Unaudited financial results for the six months ended 30 September 2015

Net sales increase 8%

- **Net sales up 8% in the first half, 6% up in the second quarter**
- **Direct sales of the Diageo brands portfolio added Rs. 183 Crore of net sales in the first half (Rs. 141 Crore in the second quarter)**
- **Prestige and above brands net sales grew 16% in the first half with over 9pps positive price/mix***
- **EBITDA up 39% to Rs. 520 Crore**
- **EBITDA margin of 12.52% with 274bps improvement versus last year – driven largely by the Related Party Transactions benefit⁽¹⁾**
- **Profit after tax of Rs. 949 Crore (versus Rs. (86) Crore last year) positively impacted by the UBL⁽²⁾ divestment**
- **Net debt reduced by Rs. 1,324 Crore mainly driven by UBL⁽²⁾ share divestment**

() Imputed revenue based on internal management data; (1) Refer below the EBITDA Margin Bridge; (2) United Breweries Limited*

Anand Kripalu, CEO, commenting on the six month ended 30 September 2015 said:

“Our F16 half year results are starting to show the dividends of our comprehensive strategic plan focused behind our power brands with a clear prioritized geographical participation strategy. The divestment of the UBL shares during the quarter has generated Rs.870 Crore of free cash that has been used to retire debt and has reduced our net debt position to less than Rs.4,000 Crore from over Rs.5,000 Crore six months ago.

The “Prestige and Above” growth of 16% in the half and the resultant positive mix underpins our focus on our premiumisation strategy and the benefit of the full Diageo brands integration into our portfolio. Our renovations strategy on our core brands has commenced with encouraging results from the re-launch of our Royal Challenge brand (49% volume growth in the last six months) and we look forward to the McDowell’s No.1 re-launch that is currently underway. We have however faced challenges in the last three months including specific industry challenges in states such as Uttaranchal and Chhattisgarh plus a temporary pricing related challenge in Karnataka on our lead brand of Haywards. The highly regulated environment in respect of pricing remains a key challenge for the industry as a whole and needs to be remedied.

Our focus on driving productivity through every aspect of the P&L continues to fuel our strategy to invest behind capabilities and our brands (underlying marketing investment up 18% in the half versus last year). Our EBITDA delivery before taking into account the exception gain on the UBL share sales remains robust and in line with our expectations for the period.

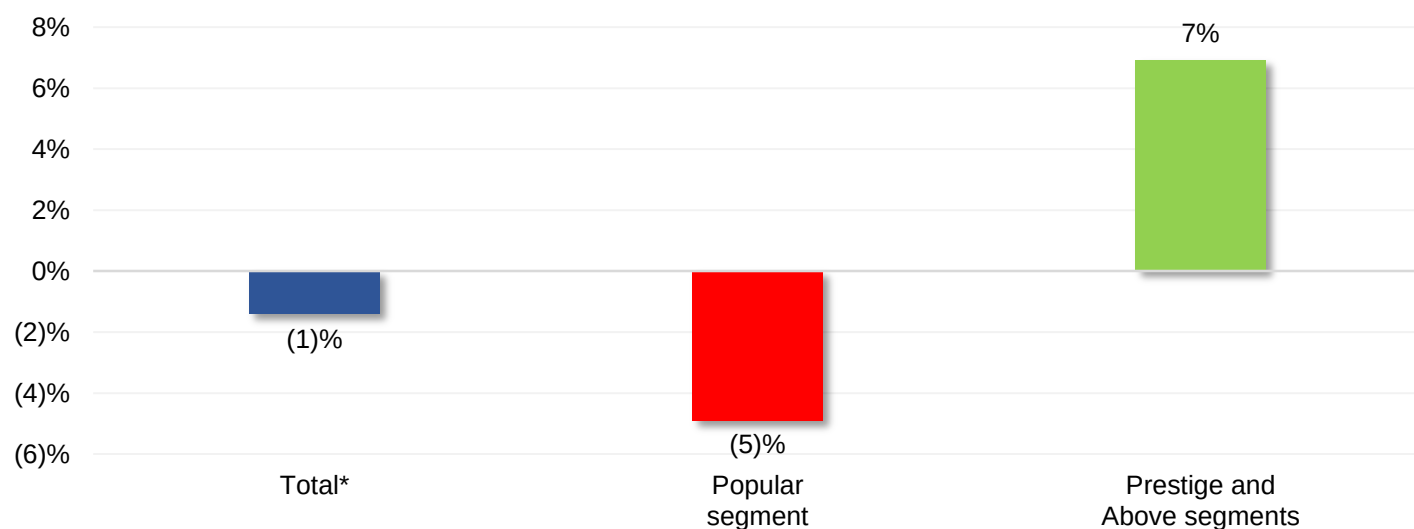
We continue to focus on driving change which will further strengthen this business and deliver our performance ambition. Our brands, our regional footprint / network and our people gives me confidence that USL can deliver strong and sustained performance in the forward years.”

The Board of Directors of United Spirits Limited at their meeting in Bengaluru today considered and approved the unaudited financial results for the six months ended 30 September 2015.

Financial results

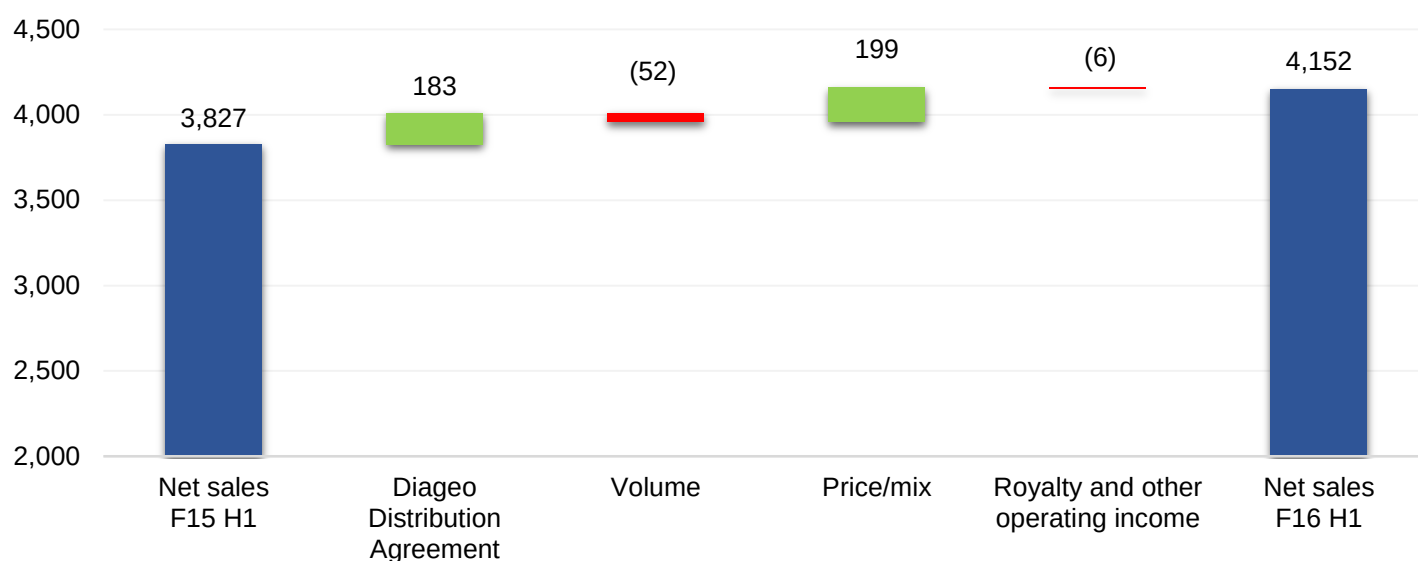
Rs. Crores	2016 H1	2015 H1	Growth %
Net sales	4,151	3,827	8
COGS	(2,388)	(2,241)	7
Gross profit	1,763	1,586	11
Staff cost	(332)	(269)	24
Marketing spend	(384)	(384)	-
Other Overheads	(528)	(560)	(6)
EBITDA	520	374	39
Exchange Difference Gain / Loss / Other Income	21	63	(67)
Depreciation	(49)	(49)	1
EBIT	491	388	26
Interest	(238)	(310)	(23)
PBT before exceptional items	253	78	224
Exceptional items	799	(117)	785
PBT	1,052	(39)	2819
Tax	(103)	(47)	118
PAT	949	(86)	1206

Volume growth* (%)



*The volume analysis above excludes royalty and franchise volumes but includes volumes sold via Tie-up units. (prior year restated for like for like comparison)

Net sales growth (Rs. Crores)

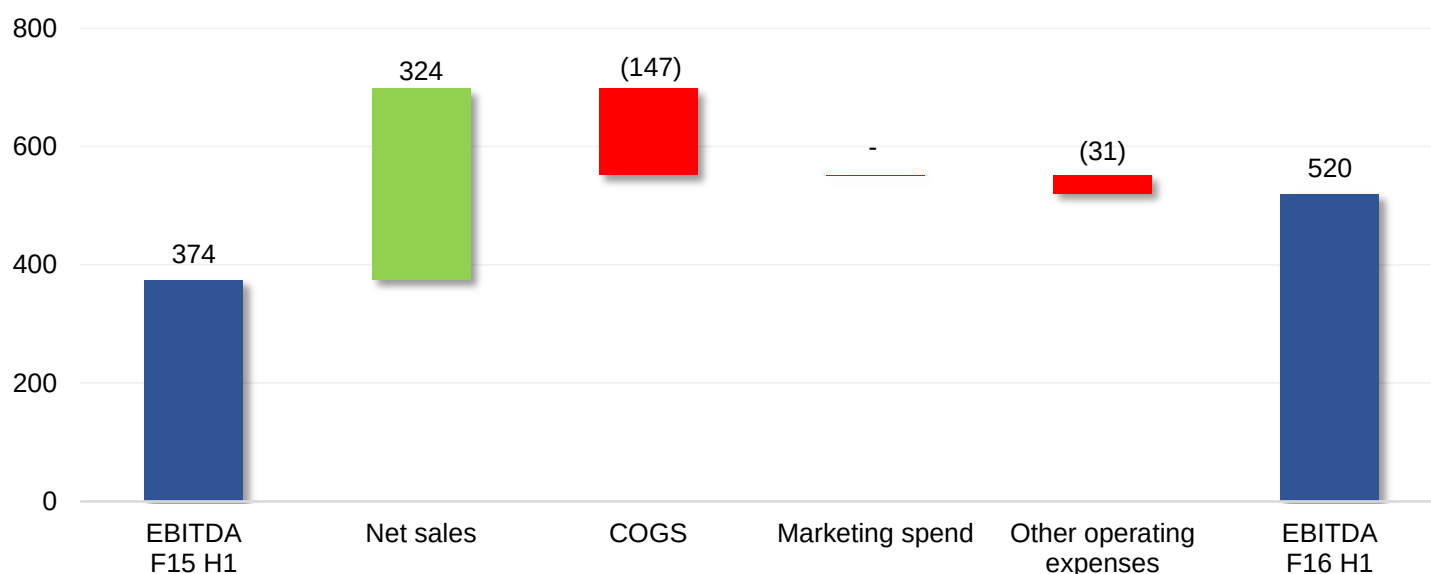


Reported net sales were up 8%. Under the distribution and manufacturing agreements, the Company started the direct distribution / sales of the relevant Diageo brands in India which has resulted in incremental net sales of Rs. 183 Crore and positively impacted net sales growth by 5ppt.

From an imputed revenue* perspective, the Prestige and Above brands contributed to the overall net sales growth with a robust 16% growth in the half (volume growth of 7%) positively impacted by the Diageo portfolio integration especially in the 2nd quarter. The re-launch of Royal Challenge brand had positive impact on net sales and has grown volumes by 49% in the half. The Prestige and Above category represents 39% of total volumes with a 3ppts improvement compared to prior year (and now for the first time accounts for over 50% of our imputed net sales revenues). Popular segment volume declined in the 2nd quarter largely as a result of specific temporary challenge around Haywards in Karnataka which resulted in overall volumes declining by 5% in the half. Despite this, overall Popular segment net sales growth remained positive versus last year.

(*) Imputed revenue represents the net sales value at which we sell our products from its manufacturing facilities (owned/leased/contracted) and its warehouses.

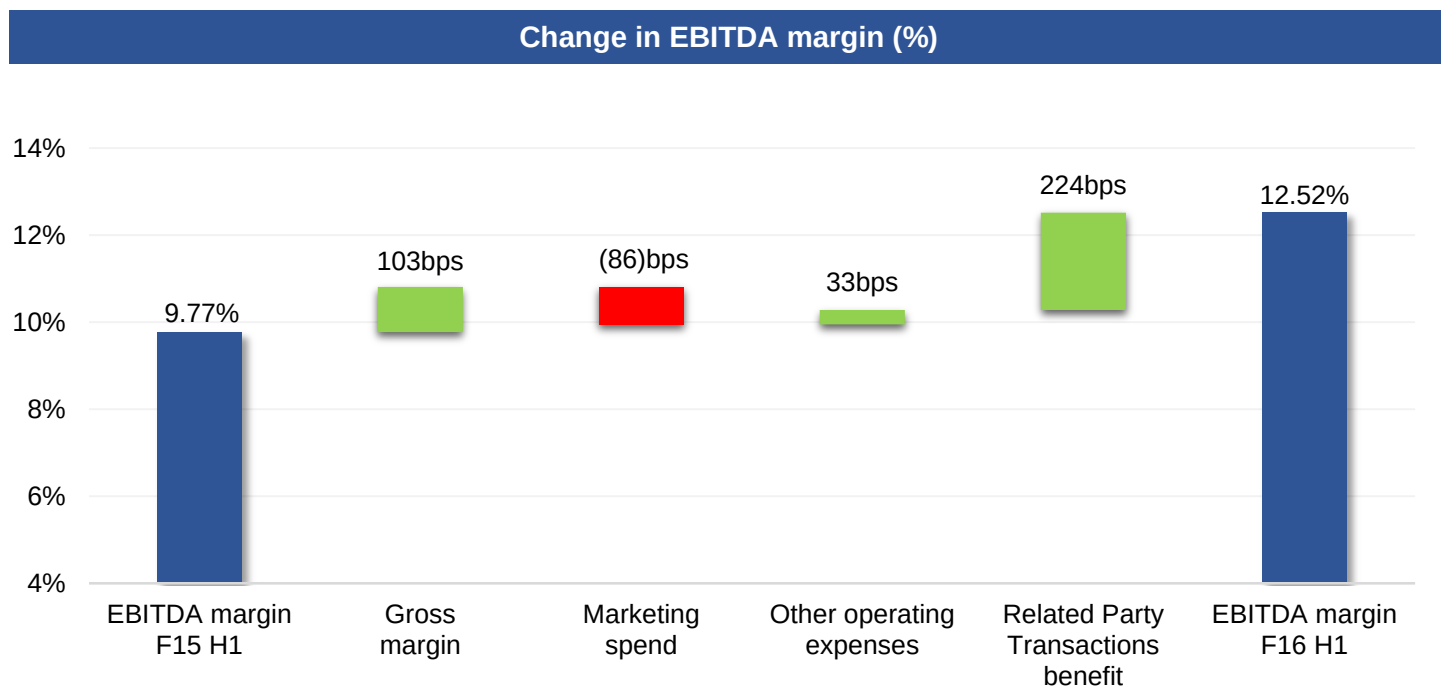
EBITDA growth (Rs. Crores)



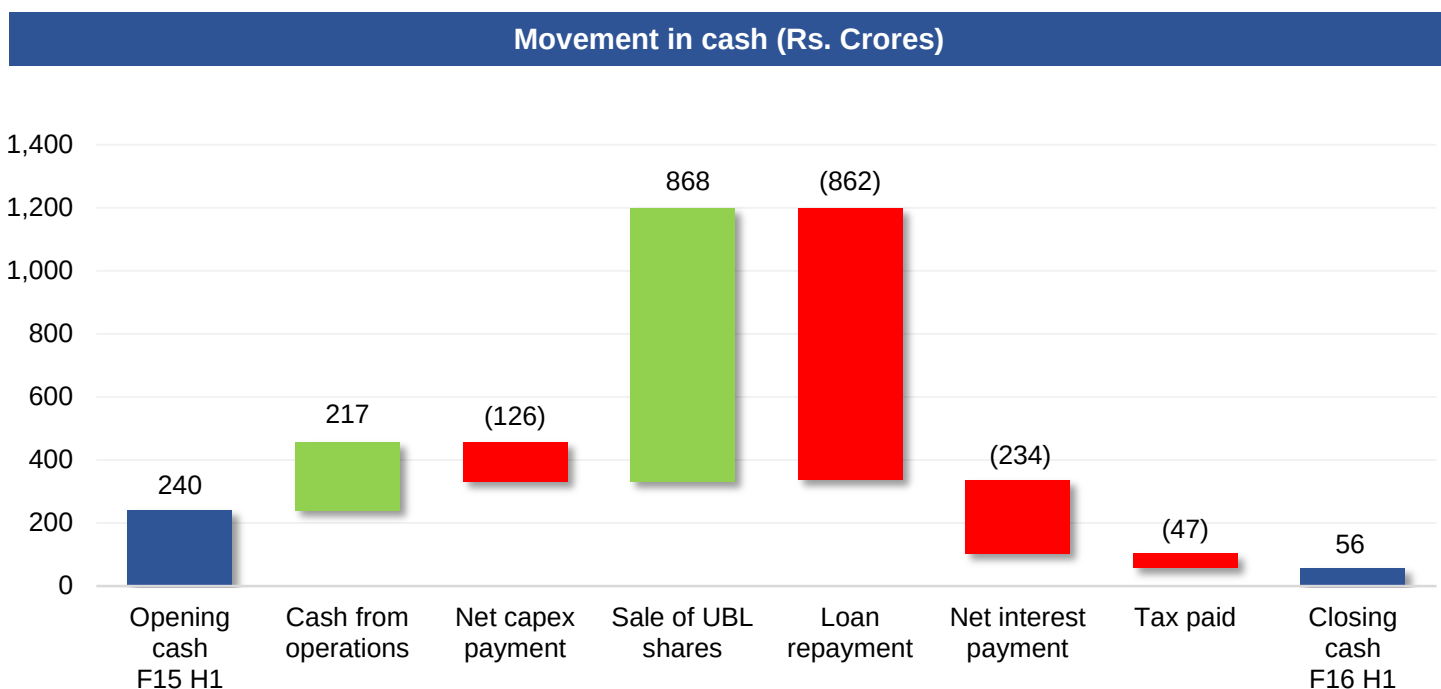
EBITDA was up 39%, mainly driven by incremental net sales from the Diageo distribution agreement coupled with continuous focus on the Premium and Above segment. This was partially offset by higher production and staff costs.

We continue to invest behind our brands with an underlying increase in our marketing investment of 18% versus last year (excluding the impact of the Related Party Transactions savings).

Pending clarifications / directions from SEBI, the Company has not made any payments to the respective counterparties under the agreements referred to in Para (7) of the Notes to the Accounts for the period subsequent to November 28, 2014, and has considered these amounts as contingent liabilities (including Rs. 47 Crores and Rs. 93 Crores for the current quarter and six months ended 30 September 2015 respectively).

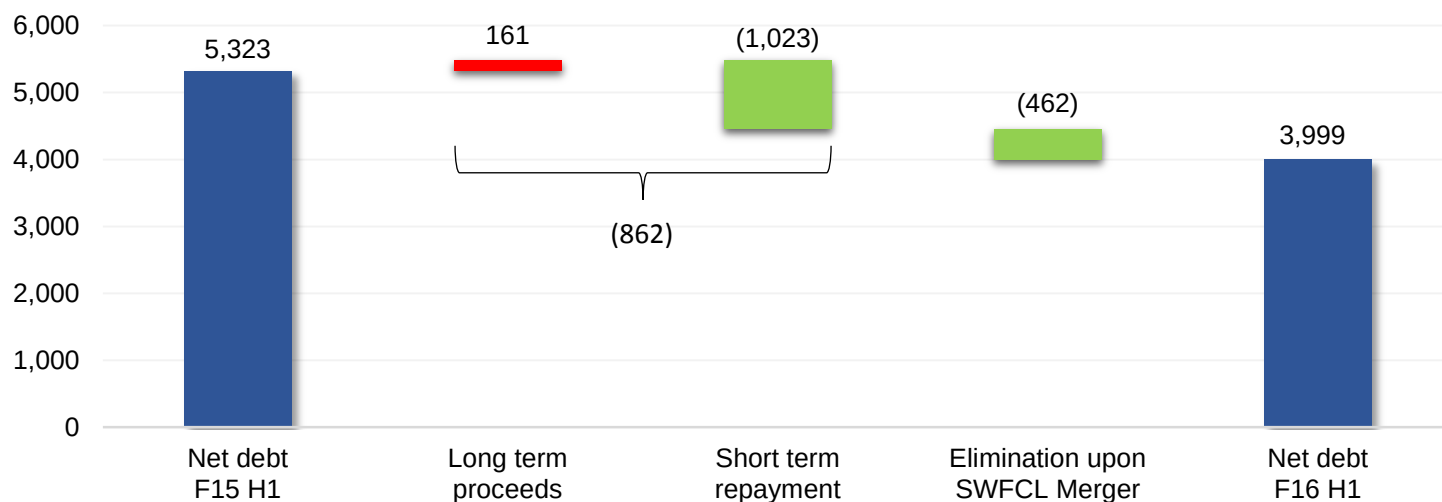


Continued focus on portfolio premiumisation and clear participation choices in our Popular segment together with our focus on driving productivity is yielding dividends in terms of positive mix and gross margin enhancement which are being invested behind our brands and capability. Reported savings associated with Related Party Transactions as outlined above is positively impacting margins.



Underlying operations generated cash of Rs. 217 Crore net of working capital movement of Rs. 323 Crore including the working capital increment associated with the full Diageo brands integration into the Company's portfolio. Our capex investments are focused on upgrading our strategically important manufacturing units. Focus on rebasing the balance sheet via the divestment of surplus / non-core assets together with renegotiation of borrowings terms will continue to para back the total interest cost for the Company.

Movement in debt (Rs. Crores)



UBL Share(s) divestment is the main driver of the short term debt repayment during the half. As outlined in Para (4) in the Notes to the Accounts, a Scheme of Amalgamation between the Company and SW Finance Co. Limited a wholly owned subsidiary of the Company ("SWFCL") was sanctioned by the Hon'ble High Court of Karnataka and Hon'ble High Court of Judicature at Bombay and has become effective from 28 September 2015. The above change will have no impact on the consolidated group debt position.

Cautionary statement concerning forward-looking statements

This document contains 'forward-looking' statements. These statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of changes in interest or exchange rates, the availability or cost of financing to United Spirits Limited, anticipated cost savings or synergies, expected investments, the completion of United Spirits Limited's strategic transactions and restructuring programmes, anticipated tax rates, expected cash payments, outcomes of litigation, anticipated deficit reductions in relation to pension schemes and general economic conditions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside United Spirits Limited's control. United Spirits Limited neither intends, nor assumes any obligation, to update or revise these forward-looking statements in the light of any developments which may differ from those anticipated.

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