UNITED SPIRITS
A DIAGEO Group Company

Press Release

Unaudited financial results for the quarter and six months ended 30 September 2016 (Standalone only)

Net sales up 8%, PAT up 53% in the first half

- **Net sales growth of 7% in the second quarter; 8% growth in the first half**
- **Excluding the impact of the alcohol consumption ban in Bihar, net sales growth of 9% in the second quarter; 11% growth in the first half**
- **Prestige & Above segment net sales up 12% in the second quarter moderated with the Diageo brands portfolio being fully organic; Net sales growth of 16% with 5ppts positive price/mix in the first half**
- **Net sales of the Popular segment declined 3% in the second quarter and declined 5% in the first half impacted by the Bihar prohibition. Priority states grew volumes and net sales in the segment**
- **Gross margin of 42.5% flat in the second quarter due to pressure from input cost inflation; gross margin of 42.9% in the first half increased by 81bps driven by premiumisation and productivity**
- **Marketing investment up 47% in the second quarter and 24% in the first half due to lower reinvestment rates last year. Overall reinvestment rate of 7.3% in the first half**
- **EBITDA Rs. 208 Crore, down 34% in the second quarter and Rs. 406 Crore, down 19% in the first half driven by additional tax levies, one off impact and increased marketing investment. Underlying EBITDA declined 17% in Q2 and 3% in H1 excluding one off impact**
- **EBITDA margin of 10.2% in second quarter, down 626bps, and 9.9% in the first half, down 337bps, driven by additional tax levies, one off impact and increased marketing investment. Underlying EBITDA margin of 11.6% in the second quarter and 11.2% in the first half excluding one off impact**
- **Interest cost Rs. 88 Crore in the second quarter and Rs. 191 Crore in the first half, lower by 20% driven by both debt reduction and favourable rates**
- **Profit after tax Rs. 83 Crore, up 16% in the second quarter and Rs. 126 Crore, up 53% in the first half**

Anand Kripalu, CEO, commenting on the six months ended 30 September 2016 said:

"These set of results continue to demonstrate that we have the right strategy in place with strong focus on premiumisation coupled with selective participation in popular. We have increased our investments behind our power brands and our strategic priorities which led to strong top line performance. We also invested in organisational changes which will enable us to capture future growth.

The Prestige & Above segment performance remained robust and grew net sales by 16% in the first half fuelled by our renovation and premiumisation strategy. Signature returned to growth in Q1 post renovation and grew net sales by 16% in the first half. The McDowell's No.1 whisky brands (excluding Platinum) net sales was up 10% in the first half post renovation and Royal Challenge grew net sales 28% despite lapping a strong growth following the re-launch in 2014. The Prestige & Above segment now represents 57% of the overall business.

We have however faced industry challenges in the second quarter which negatively impacted the bottom line. Introduction of the Local Body Tax in Maharashtra and other indirect taxes negatively impacted EBITDA. We have taken price increases effective from 1st October to offset the Local Body Tax. We have made interventions to shape our business which have had a one off impact on EBITDA. Route to market changes in Punjab in the second quarter had a negative impact on performance.

Several challenges we have faced last year are now behind us and we have seen good growth in some states and partial recovery in others. Uttar Pradesh has rebounded and continued to show strong growth post the excise duty reduction. Haywards returned to growth in Q2 and delivered 27% net sales growth in the first half. Price increase in Karnataka positively impacted top line.

Continued focus on interest cost reduction through a combination of debt reduction and lower interest rate, coupled with lower tax cost and exceptional items led to 53% increase in PAT in the first half.

These results give me confidence that the interventions we have made to shape the business to drive future growth will deliver strong and sustained performance in the coming years."

Press Release

UNITED SPIRITS
A DIAGEO Group Company

KEY FINANCIAL INFORMATION (Ind AS)

For the six months ended 30 September 2016

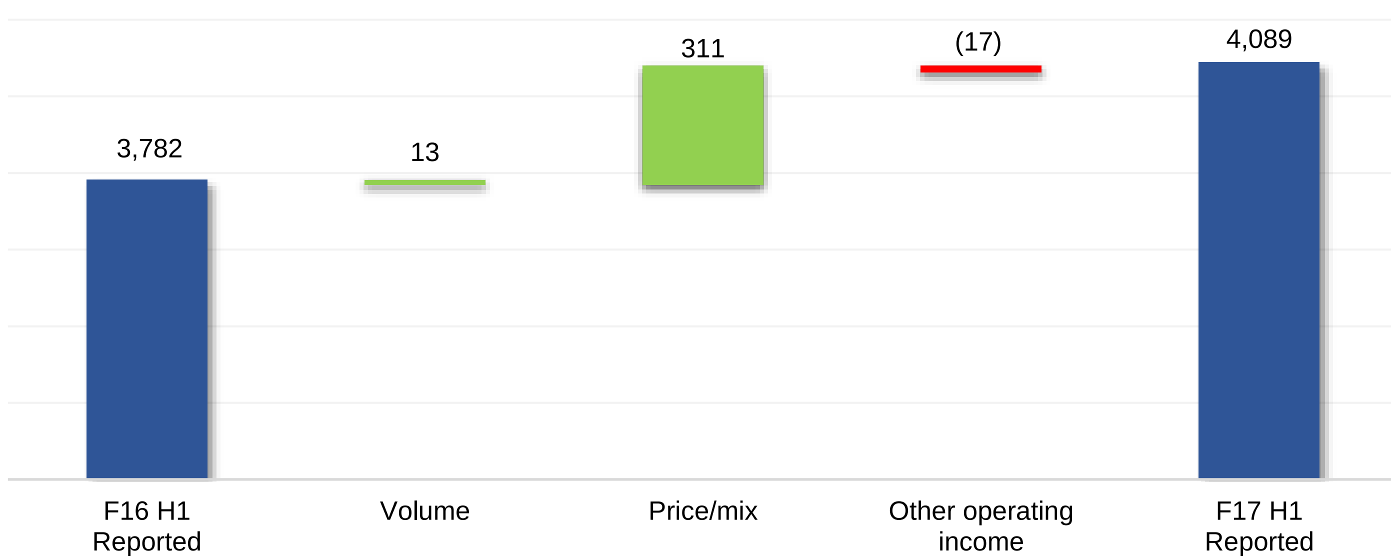
Financial information summary (Rs Crores)

	F17 H1	F16 H1	Growth %
Net sales	**4,089**	3,782	8
COGS	**(2,335)**	(2,190)	(7)
Gross profit	**1,754**	1,592	10
Staff cost	**(385)**	(328)	(17)
Marketing spend	**(298)**	(241)	(24)
Other Overheads	**(665)**	(520)	(28)
EBITDA	**406**	503	(19)
Exchange / Other Income	**50**	21	141
Depreciation	**(59)**	(49)	(21)
EBIT	**397**	475	(17)
Interest	**(191)**	(238)	20
PBT before exceptional items	**205**	237	(13)
Exceptional items	**(18)**	(55)	67
PBT	**187**	182	3
Tax	**(61)**	(99)	38
PAT	**126**	83	53

The company in compliance with Schedule III of the Companies Act, 2013 has reported revenue from operations inclusive of excise duty.

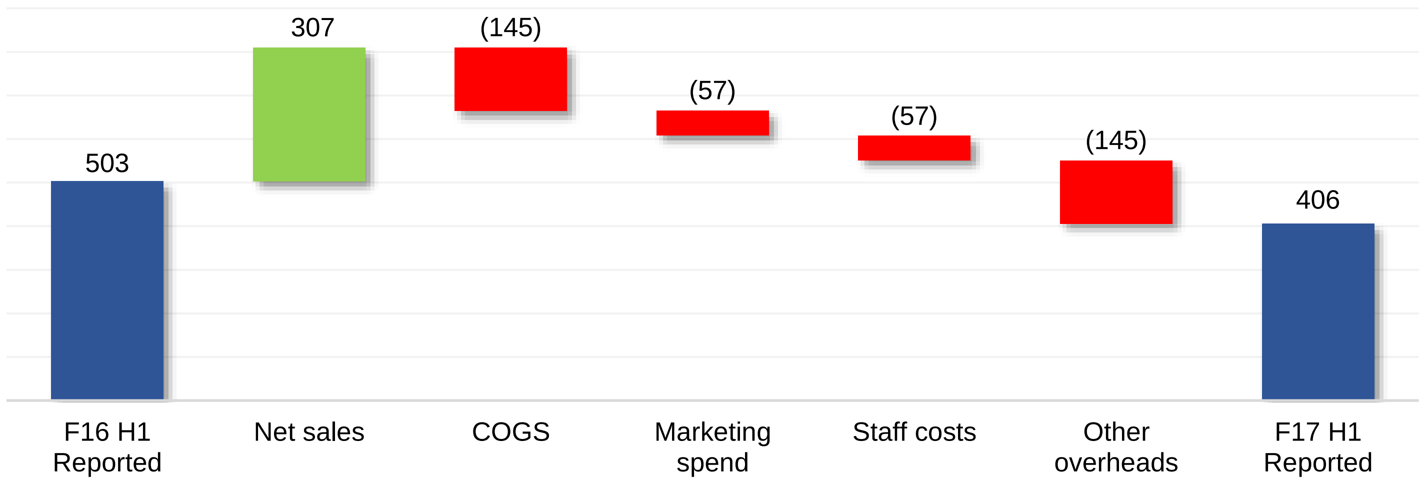
Pursuant to the Companies (Indian Accounting Standards) Rules 2015 (Ind AS) issued by the Ministry of Corporate Affairs (MCA), United Spirits Limited ("the Company" or "USL") has restated the financial results for the quarter ended June 30,2015, six month ended September 30, 2015, nine month ended December 31, 2015, year ended March 31, 2016 in accordance with the requirements of Indian Accounting Standards (Ind AS) ("Results") and released the restated financial results to the stock exchanges on October 12, 2016.

Net sales growth in the first half (Rs. Crores)



Reported net sales were up 8% mainly driven by positive state and brand mix. The Prestige & Above segment grew 16% driven by continued focus on premiumisation and brand renovation. This growth was partially offset by the decline of the Popular segment. Priority states grew both volumes and net sales mid single digit in the popular segment. Decline in other operating income is mainly driven by provision write back of Rs. 11 Crore last year.

EBITDA growth in the first half (Rs. Crores)

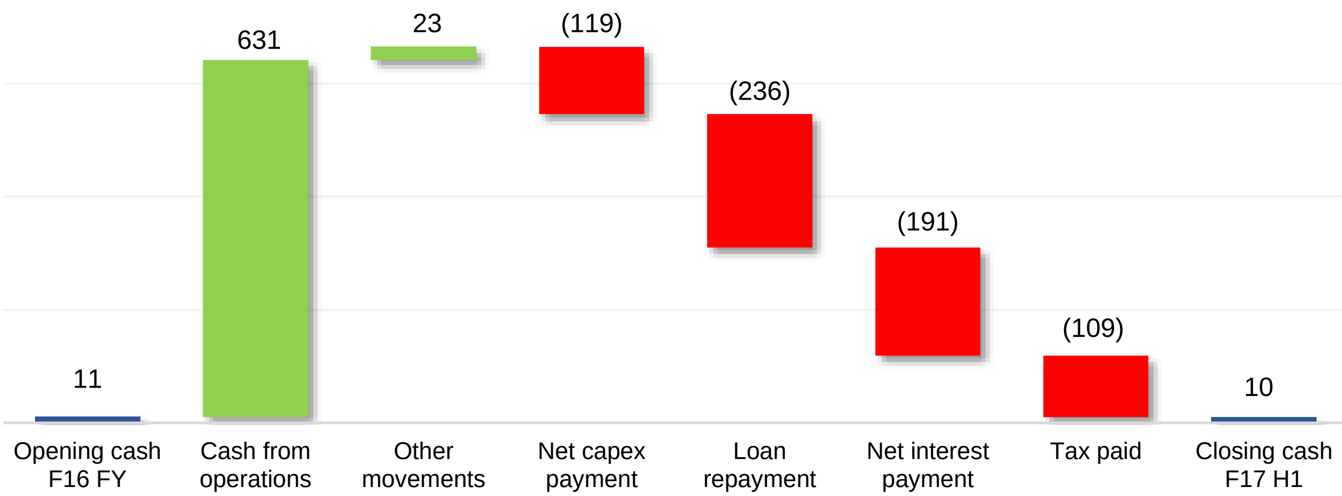


EBITDA was down 19%. Strong performance of the Prestige & Above segment increased net sales and cost of goods and led to Rs. 162 Crore incremental gross profit in the first half. Marketing spend increased by 47% in the second quarter following lower investment last year, which resulted in a 24% increase in the first half with an overall reinvestment rate of 7.3%. Staff cost was negatively impacted by one off restructuring cost of Rs. 28 Crore and the benefits of these organisational changes will pay out in the subsequent quarters. Other overheads were negatively impacted by both one off costs and incremental costs. One off impact included the Bihar related inventory costs of Rs. 17 Crore in the first quarter and the provision release of Rs. 16 Crore we have made in previous year. Additional levies and taxes (Local Body Tax in Maharashtra and other indirect taxes), investments in building internal systems, processes and capabilities and inflation also negatively impacted other overheads. Underlying EBITDA declined 3% excluding the one off items.

Change in EBITDA margin in the first half (%)

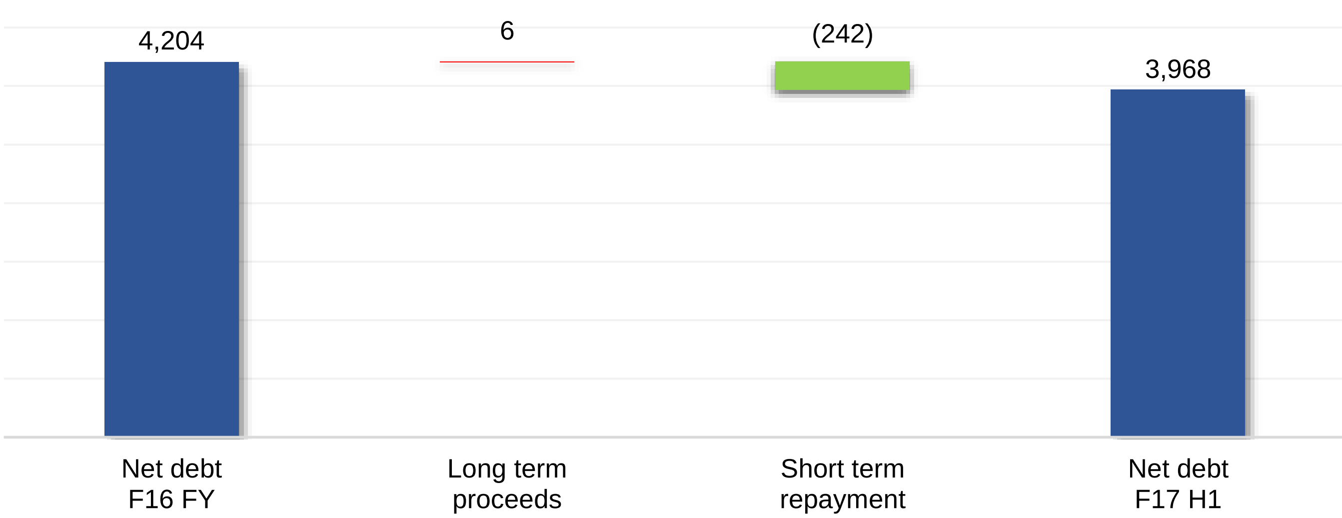
EBITDA margin of 9.9% in the first half decreased by 337bps, compared to last year. Gross margin improvement was driven by productivity initiatives and the strong performance of the Prestige & Above segment. Investments behind our brands increased compared to last year and negatively impacted margin. One off restructuring costs negatively impacted staff cost by 70bps. One off impact in other overheads are driven by Bihar related inventory cost and the provision releases last year, negatively impacted margin by circa 100bps. Additional levies and taxes in other overheads lowered margin by circa 100bps and inflation also had a negative impact. Underlying EBITDA margin of 12.6% in prior year declined 137bps excluding the one off impact to 11.2%.

Movement in cash in the first half (Rs. Crores)



Cash closed at Rs. 10 Crore. Underlying operations generated cash of Rs. 631 Crore including Rs. 175 Crore improvement in working capital. Increase in net capex was focused on upgrading strategically important manufacturing units. Cash generated from the underlying business was used for short term debt repayment resulting a reduction in interest costs. Other movements include bank deposit conversion into liquid cash.

Movement in debt in the first half (Rs. Crores)



Closing net debt was Rs. 3,968 Crore in the first half and the company utilized cash from operations to repay its loans amounting to Rs. 236 Crore. These reduction in debt value together with renegotiation of borrowings and favourable mix of debt instruments reduced the total interest cost by Rs. 47 Crores in the first half.

Brand and segment review

- The **Prestige & Above segment*** represents 41% of total volumes and 57% of total net sales, with 4ppts improvement on both compared to last year. Net sales grew 12% in the second quarter with 2ppts positive price/mix and 16% in the first half with 5ppts positive price/mix primarily driven by brand renovations and the Diageo brand portfolio. Net sales growth moderated in the second quarter due to the Diageo brands portfolio being fully organic in the same period last year.

  - Successful renovation strategy led to strong performance of the **McDowell's No 1. whisky** variants (excluding Platinum) in the first quarter and momentum continued in the second quarter and grew volumes 9% and net sales 10% in the first half.

  - **Royal Challenge** volume grew 9% and net sales 13% in the second quarter despite lapping a strong growth following the re-launch in 2014. Volume grew 27% and net sales 28% in the first half.

  - The re-launch of **Signature** started towards end of the fourth quarter last year and it returned to growth in the first quarter with volume up 6% and net sales up 7%. Growth in the second quarter was even stronger with volume up 20% and net sales up 26% which resulted an overall volume growth of 13% and net sales growth of 16% in the first half.

- The **Popular segment** represents 59% of total volumes and 43% of total net sales, down 4ppts on both lines compared to last year. The total popular segment declined volume 6% and net sales 5% driven by McDowell's No 1. brand variants. Haywards has stabilised in the first quarter, returned to growth in the second quarter and delivered 28% volume growth and 27% net sales growth in the first half. In line with our selective participation strategy investments were focused behind McDowell's No 1. Rum, Bagpiper, Director's Special and Old Tavern Whisky which grew volume and net sales mid single digit in the priority states.

**The Diageo brand portfolio is now fully organic and will not be separated when describing the Prestige & Above segment.*

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.

Media enquiries to:
Michelle D'Souza
Michelle.dsouza@unitedspirits.in
+91 98 208 59690

Investor enquiries to:
Richard Kugler
+91 80 396 42172
+91 99 0116 1930
richard_kugler@unitedspirits.in
Investor_relations@unitedspirits.in

Press Release

UNITED SPIRITS
A DIAGEO Group Company

Conference call and live Q&A session

United Spirits Limited will release its **F17 Q2 unaudited financial results** for the quarter ended 30 September 2016 on Thursday **27th October 2016**. Press release will be available to download from **http://unitedspirits.in/**.

Live Q&A Session

Anand Kripalu, Managing Director and Chief Executive Officer and Sanjeev Churiwala, Chief Financial Officer will be hosting a Q&A session on Thursday **27th October 2016 at 7:00 pm (IST time).**

If you would like to join to the Q&A session please use the below dial in details.

Conference Dial in Information

Click here for your DiamondPass™

URL:
http://services.choruscall.in/diamondpass/registration?confirmationNumber=3820918
[Copy and paste the above link in your internet browser to access the Diamond Pass.]

DiamondPass™ is a Premium Service that enables you to connect to your conference call without having to wait for an operator.

If you have a DiamondPass™ click the above link to associate your pin and receive the access details for this conference, if you do not have a DiamondPass™
please register through the link and you will receive your DiamondPass™ for this conference.

All other participants dial the numbers below

Please dial the below number at least 5-10 minutes prior to the conference schedule to ensure that you are connected to your call in time.

Primary Number	**+91 22 3960 0651**
Secondary Number	**+91 22 6663 5516**
Local Access Number	**3940 3977** **Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune** **Accessible from all carriers.**
International Toll Free Number	**USA - 18667462133** **UK - 08081011573** **Singapore – 8001012045** **Hong Kong - 800964448**
International Toll Number	**HongKong - 85230186877** **Singapore - 6531575746** **UK - London - 442034785524** **USA - LosAngeles - 13233868721**