



UNITED SPIRITS LIMITED
 'UB Tower', # 24, Vittal Mallya Road, Bangalore - 560 001

(Rs. in Lakhs)

Part I: Statement of Standalone Unaudited Results for the Quarter and nine months ended December 31, 2013

	Unaudited					Audited
	3 months ended December 31,	Preceding three months ended September 30,	Corresponding three months ended December 31,	Year to date figures for current period ended December 31	Year to date figures for previous period ended December 31	Previous year ended March 31,
	2013	2013	2012	2013	2012	2013
1 Income from operations	550,283	477,662	505,024	1,554,371	1,423,144	1,887,623
Less: Excise duty	322,443	273,796	287,623	903,431	777,945	1,036,655
(a) Net sales/Income from operations	227,840	203,866	217,401	650,940	645,199	850,968
(b) Other operating income	3,020	1,890	2,867	6,386	6,032	9,707
Total Income from operations (net)	230,860	205,756	220,268	657,326	651,231	860,675
2 Expenses:						
a) Cost of materials consumed	133,873	108,362	114,018	351,237	317,964	426,800
b) Purchase of stock-in-trade	21,249	21,077	24,420	59,579	53,376	72,512
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(15,168)	(7,408)	(8,990)	(18,857)	20,777	17,048
d) Employee benefits expense	15,550	13,401	13,007	41,838	35,490	47,644
e) Depreciation and amortisation expense	1,826	1,680	1,732	5,453	5,235	7,183
f) Other expenses:						
i) Advertisement & Sales Promotion	23,379	21,148	22,253	65,629	56,596	77,790
ii) Others	29,771	26,755	28,099	83,983	77,590	105,833
Total Expenses	210,480	185,015	194,539	588,861	567,028	754,810
3 Profit/(Loss) from Operations before other income, finance costs and exceptional items (1-2)	20,380	20,741	25,729	68,465	84,203	105,865
4 a) Other Income	6,194	6,356	1,848	15,144	4,217	7,994
b) Exchange Difference - Gain/(Loss)	(1,905)	668	1,360	2,501	1,412	2,323
5 Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	24,669	27,765	28,937	86,110	89,832	116,182
6 Finance costs	15,047	13,642	16,355	44,635	49,915	65,617
7 Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	9,622	14,123	12,582	41,475	39,917	50,565
8 Exceptional items - (expense) / income	-	-	-	-	-	(2,165)
9 Profit/(Loss) from ordinary activities before tax (7 + 8)	9,622	14,123	12,582	41,475	39,917	48,400
10 Tax Expense:						
Current tax	2,555	5,015	3,900	13,941	14,000	15,710
Deferred tax charge/(credit)	575	(319)	627	(194)	(561)	(390)
11 Net Profit/(Loss) from ordinary activities after tax (9-10)	6,492	9,427	8,055	27,728	26,478	32,080
12 Extraordinary items (Net of tax expense)	-	-	-	-	-	-
13 Net Profit/(Loss) for the period (11-12)	6,492	9,427	8,055	27,728	26,478	32,080
14 Paid-up equity share capital (Face value '10)	14,533	14,533	13,080	14,533	13,080	13,080
15 Reserves excluding Revaluation Reserves						626,117
16 Earnings per share of Rs.10 each (not annualised):						
a) Basic	4.47	6.49	6.16	19.48	20.24	24.53
b) Diluted	4.47	6.49	6.16	19.48	20.24	24.53

Part II: Select Information for the Quarter and nine months ended December 31, 2013

A. Particulars of Shareholding						
1 Public shareholding						
- Number of Shares	91,134,579	92,797,831	94,815,906	91,134,579	94,815,906	97,462,061
- Percentage of shareholding	62.71%	63.85%	72.49%	62.71%	72.49%	74.52%
2 Promoters and Promoter Group Shareholding:						
a) Pledged / Encumbered						
- Number of Shares	15,199,543	15,780,543	35,236,282	15,199,543	35,236,282	32,318,127
- Percentage of shares	28.05%	30.04%	97.94%	28.05%	97.94%	96.96%
(as a % of the total shareholding of promoter and promoter group)						
- Percentage of shares	10.46%	10.86%	26.94%	10.46%	26.94%	24.71%
(as a % of the total share capital of the Company)						
b) Non-encumbered						
- Number of Shares	38,993,621	36,749,369	742,780	38,993,621	742,780	1,014,780
- Percentage of shares	71.95%	69.96%	2.06%	71.95%	2.06%	3.04%
(as a % of the total shareholding of promoter and promoter group)						
- Percentage of shares	26.83%	25.29%	0.57%	26.83%	0.57%	0.78%
(as a % of the total share capital of the Company)						
B. Investor Complaints						
Pending at the beginning of the quarter	Nil					
Received during the quarter	24					
Disposed of during the quarter	24					
Remaining unresolved at the end of the quarter	Nil					

United Spirits Limited

Unaudited Financial Results for the quarter and Nine months ended December 31, 2013

Notes:

1. The Company is engaged in the business of manufacture, purchase and sale of Beverage Alcohol (Spirits and Wines), including through Tie-up Manufacturing / brand franchise, which constitute a single business segment. The Company is primarily organized into two main geographic segments namely India and Outside India. However, the Company's operations outside India did not exceed the quantitative threshold for disclosure envisaged in AS-17 on "Segment Reporting" notified under the Companies (Accounting Standard) Rules 2006. In view of the above, both primary and secondary reporting disclosures for business/geographical segment as envisaged in AS-17 are not applicable to the Company.
2. a) On July 4, 2013 in terms of the Share Purchase Agreement dated November 9, 2012 between United Breweries (Holdings) Limited (UBHL), Kingfisher Finvest India Limited (KFIL), SWEW Benefit Company (SWEW) USL Benefit Trust (of which the Company is a beneficiary) (USLBT), Palmer Investment Group Limited (Palmer), UB Sports Management Overseas Limited (UB Sports) with Relay B.V. and Diageo Plc, the sale of 21,767,749 equity shares ("Sale Shares") of the Company in aggregate by UBHL, KFIL, SWEW, Palmer and UB Sports to Relay at a price of Rs.1,440/- per sale share were completed.

b) Pursuant to the preferential allotment of equity shares to Relay B.V., the paid up share capital of the Company has increased to Rs.1,453,277,430/- divided into 145,327,743 equity shares of Rs.10. each.

c) During the quarter and subsequent to the quarter end, Relay B.V. has further acquired through the open market 1,967,940 equity shares representing 1.35% of share capital and 3,500,000 equity shares representing 2.41% of share capital of the Company respectively.
3. On November 8, 2013, the Board of Directors have approved the Scheme of Arrangement between United Spirits Limited and Enrica Enterprises Private Limited ('Enrica') and its Shareholders and Creditors as the case may be ('the Scheme') in respect of transfer of Undertaking of the Company in Tamil Nadu by way of slump sale on a going concern basis under Section 391 read with Section 394 of the Companies Act, 1956 with appointed date April 1, 2013. The Company has submitted the documents in terms of the Clause 24(f) of the Listing Agreement with Stock exchanges and is awaiting for their approval.

The Company has also entered into a Franchise Agreement with Enrica which prescribes a royalty payment to the Company for grant of manufacturing, marketing, distribution and sale rights to Enrica in defined territories. From the Appointed Date up to the Effective Date, the royalty payable shall be a fixed amount per case or the Franchisee's profit (before tax and royalty) in respect of the franchised products, whichever is lower. Subsequent to the Effective Date royalty at net sales realization linked slab rate will accrue to the Company as per the Franchise Agreement.

Pending approval of the Scheme, no effect has been given in the accompanying statement of unaudited financial results of the carve out of the unit's profit and loss account and the net gain/loss arising on completion of this transaction. In the interim, the Company holds the business and the net assets of the undertaking in trust on behalf of Enrica.

United Spirits Limited
Unaudited Financial Results for the quarter and six months ended December 31, 2013

Notes Contd.:

4. Subsequent to the quarter end, the Board of Directors at their meeting held on January 8, 2014,
 - a) have approved the amalgamation of
 - i) Tern Distilleries Private Limited, a wholly owned subsidiary of the Company (TERN) with the Company pursuant to a Draft Rehabilitation Scheme and applicable provisions of Sick Industrial Companies (Special Provisions) Act, 1985 with the appointed date April 1, 2013 (TERN Scheme). The entire operations of TERN comprise transactions with the Company. The net impact on the stand-alone financial performance of the Company from such amalgamation is expected to be insignificant when effected.
 - ii) SW Finance Company Limited, an unlisted wholly owned subsidiary of the Company with the Company with the appointed date January 1, 2014 (SWFCL Scheme) pursuant to the applicable provisions of the Companies Act and subject to the sanction of the Hon'ble jurisdictional High Courts/any such competent authority.
 - b) also considered a potential sale of Whyte & Mackay Limited ("W&M") an indirect wholly-owned subsidiary of the Company. The Board proposed to initiate a process, based on the outline timetable provided under UK law in connection with the decision of the Office of Fair Trading, to explore a potential sale of W&M. The Board has nominated certain persons to oversee the process and consider, examine and evaluate possibilities and structures in relating to a potential sale, appoint necessary advisors in this regard and identify potential purchasers. The Board will, after completion of the process, consider and decide upon any sale.
5. The Company has made investments in and provided loans and guarantees on behalf of its subsidiaries. Some of these subsidiaries are financially distressed, but hold assets having intrinsic value. The recoverability of such investments and loans will be determined based on a fair valuation of the net assets/businesses of these subsidiaries, to be carried out as at March 31, 2014.
6. The Company has effective July 3, 2013 made an unsecured loan of Rs.1351.26 Crores to United Breweries (Holdings) Limited (UBHL) at 9.5% interest per annum. The interest accrued and not due there on, as per the terms of the loan is Rs.32.27 Crores for the quarter and Rs.63.48 Crores for the nine months ended December 31, 2013. Some Creditors of UBHL have filed a winding up petition against UBHL before the Hon'ble High Court of Karnataka and the matter is currently sub-judice. The Company has also filed its affidavit opposing the aforesaid winding up petition. The outcome of the winding up petition will determine the continual recognition of interest income and the ultimate recovery of this loan.
7. The Other Expenses for the current quarter and nine months ended December 31, 2013 includes provision made towards the Turn Over Tax of Rs.13.89 Crores relating to earlier years pursuant to the Amnesty Order on Turn over tax received and accepted by the Company during the current quarter.

United Spirits Limited
Unaudited Financial Results for the quarter and six months ended December 31, 2013

Notes Contd.:

- 8 The Company effective July 2013, entered into certain agreements with entities which can be considered as directly or indirectly owned/controlled/significantly influenced by the promoter group, for the provision of services, use of trademarks/logos and sponsorship rights on normal commercial terms. Such agreements are expected to yield benefits to the Company through improved brand visibility and also continually support the business of the Company. The Company has incurred expenses of Rs.52.72 Crores and Rs.109.55 Crores, arising from such agreements during the quarter and nine months period ended December 31, 2013.
- 9 The Statutory auditors of the Company have carried out a limited review of the above standalone unaudited financial results for the quarter and nine months ended December 31, 2013 and have issued an unqualified review report. The review report of the statutory auditors is being filed with the Bangalore Stock Exchange Limited (BgSE), National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).
- 10 The above unaudited results were approved at the meeting of the Board of Directors held on February 13, 2014.

By authority of the Board

Sd/-
ASHOK CAPOOR
MANAGING DIRECTOR

Bangalore
February 13, 2014

B S R & Co. LLP

Chartered Accountants

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Review report to the Board of Directors of United Spirits Limited

We have reviewed the accompanying statement of unaudited financial results ('the Statement') of United Spirits Limited ('the Company') for the quarter and nine months ended 31 December 2013 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the Management and have not been reviewed by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review. The financial results of the Company for all periods prior to the quarter ended 30 September 2013 included in the Statement were reviewed or audited, as applicable, by Walker, Chandiook & Co, Chartered Accountants, the then statutory auditors of the Company, whose reports have been furnished to us and which have been relied upon by us for the purpose of our review opinion on the Statement.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Internal Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W



Zubin Shetty
Partner

Membership Number: 048814

Bangalore
13 February 2014



UNITED SPIRITS LIMITED

Bangalore
February 13, 2014

PRESS RELEASE

RESULTS Q-III F14

Results Summary:

Q-III of F14

- 12% volume and 15% imputed value growth in the strategic Prestige & Above brands
- 5% effective net sales revenue growth

APR-DEC'13

- 17% volume and 19% imputed value growth in the strategic Prestige & Above brands
- 6% effective net sales revenue growth

The Board of Directors of United Spirits Limited at their meeting in Bangalore today considered and approved the unaudited results for Q-III of fiscal 2014.

The results of the Company are as follows:

F13	April – December	F14	
92.3	Volumes – USL INDIA (Million Cases)	90.9	(1.4 mio) ↓ (2%)
6,137*	REVENUE (₹Crore)	6,509.40	+₹372Cr ↑ 6%
378*	Profit Before Tax (₹Crore)	415	+₹37 Cr ↑ 6%
244*	Profit After Tax (₹Crore)	277	+₹33 Cr ↑ 14%

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

F13	October - December	F14	
32.68	Volumes - USL INDIA (Million Cases)	31.48	(1.2mio) ↓ (4%)
2,174	REVENUE (₹Crore)	2,278	+₹104 cr ↑ +5%
126	Profit Before Tax (₹Crore)	96	₹(30)Cr ↓ (24)%
81	Profit After Tax (₹Crore)	65	₹(16)Cr ↓ (19)%

The October-December quarter is normally the best quarter of the year for businesses, particularly those involving discretionary spending. However, in the current year, a number of businesses have reported a deceleration of growth during the quarter. For the Company too, the quarter had seen a slowing of growth in the Prestige and Above segment to 12%, represented by an increase of a million cases over the comparable quarter. The heightened focus for many quarters now on driving value has seen overall growth at (4%). For the quarter, Prestige and Above volumes at 8.9 million cases out of an overall volume of 31.4 million cases represents a salience of the upper end at over 28% of the total - a manifestation of the increasing focus on moving the Company's customers up the value chain.

For the 9-month period ended Dec'13 Prestige & Above volumes at 24.9 million cases grew 17% with a comparable imputed value growth of 19%. Overall volumes at 90.9 million cases represent a drop of 2% while overall imputed value has grown 6%.

Delays in the start of the crushing season, as a result of a hardening of the individual positions of the sugar mills and the Government / sugar farmers, has led to a situation of no softening of prices of Extra Neutral Alcohol (ENA), the Company's key ingredient. While some of this was anticipated, particularly in the light of the forthcoming elections, the Ethanol Blending Program (EBP) seeking a mandatory 5% blending of ethanol with motor spirit has compounded the situation. Despite the implementation of mandatory blending being in litigation in various courts, the OMCs are seeking to profit by selling ethanol-blended motor spirit at the price of normal fuel notwithstanding its lower calorific value. Internationally, like in Brazil and the US, ethanol-blended motor spirit is sold at a discount of 25-35% to normal motor spirit in recognition of this lower calorific value. However, the OMCs in India are continuing to sell ethanol-blended spirit at the same price as normal motor spirit in order to shore up their bottom lines in an era of rising prices of crude and adverse foreign exchange movement which impacts the other sectors that use the spirit for potable and non-

potable purposes. As a consequence of both the above factors, prices of ENA have risen this quarter by ₹16/case over the comparable quarter of the previous year and by ₹9/case over Q-II of the current fiscal.

In a scenario where nearly $\frac{3}{4}$ of industry sales are to parastatal agencies who are loathe to give price increases, even when perfectly justifiable, fearing adverse public criticism, USL has to look at multiple options of price increases, market spend decreases and cost savings to offset this increase in the price of its major raw material.

As a consequence of the above, EBIDTA for the quarter is down 19% @ ₹222.1 crore (PY ₹274.6 crore). For the 9-month period, while reported EBIDTA is at ₹739.2 crore (PY ₹894.4 crore), when corrected for a one-off sale of bulk spirit in QII of FY13, EBIDTA at ₹739.2 crore is down 15% when compared to ₹873.4 crore for the Apr-Dec period of FY13.

Interest costs @ ₹150.5 crore (PY ₹163.6 crore) are lower as a result of the repayments of borrowings from the proceeds of the preferential issue of equity shares to Relay B.V., notwithstanding increased working capital outlay.

PBT at ₹96.2 crore is down 24% compared to ₹125.8 crore in the comparable quarter.

During the quarter, the members approved a proposal to hive off its distillery at Chennai, Tamil Nadu through a bidding process, subject to Govt. approvals. Consequent to such approval, the process of hiving off the facility was set in motion and approvals of the Competition Commission of India and BgSE, have since been obtained while other approvals are in process. It is expected the Company will be able to complete the process by the end of the current fiscal.

Key brands of the Company continue to perform well as a result of the Company's increasing focus and healthy consumer acceptance. For the 9-month period, the No.1 McDowell's family of whisky brands grew 21% while the rum variant grew 6%. Premium brands like Black Dog Scotch and the Antiquity range of Whiskies grew a healthy 18% while Royal Challenge, the Company's premium whisky offering, was up 26%.

Subsequent to the end of the quarter, the Board approved a proposal to merge two of its 100% subsidiaries viz., Tern Distilleries Pvt. Ltd. and SW Finance Company Ltd. with itself. The process of taking these decisions forward through the seeking of Govt. approvals has since been activated.

The Company's investments in improving its in-house distillation capability are yielding fruit and production of ENA at the facilities at Pioneer (Maharashtra), Sovereign (Karnataka) and Tern (Andhra Pradesh) are performing satisfactorily. Add-on investments have been made in equipment at these units to comply with the new operating standards for primary distillation units.

The Office of Fair Trade (OFT), UK has indicated that there is a realistic prospect of a lessening of competition as a consequence of Diageo's investment in, and control over, USL of which Whyte & Mackay is a wholly owned subsidiary. The Company is evaluating the options that could bring down such perceived competition to levels acceptable to the OFT (without jeopardizing its supply side security) and has set in motion a process to enable a possible sale transaction of the stipulated W&M assets during the April-June quarter of F15.

