



## UNITED SPIRITS

Ref: bm071111

November 7, 2011

Bangalore Stock Exchange Limited,  
51, Stock Exchange Towers,  
1<sup>st</sup> Cross, J.C. Road,  
Bangalore - 560 027

Dear Sirs,

**Sub: Unaudited Financial Results (Provisional) for the  
three months ended September 30, 2011**

The Board of Directors of the Company at their meeting held today, has considered and taken on record the un-audited financial results (provisional) of the Company for the three months ended September 30, 2011. We forward herewith a copy thereof alongwith explanatory statement for your information and records. The Limited Review Report thereon received from the Statutory Auditors of the Company was placed at the said Board Meeting.

We are making arrangements to publish the above results in the newspapers in terms of the requirements of the Listing Agreement.

Thanking you,

Yours faithfully,  
for UNITED SPIRITS LIMITED,

  
V.S. VENKATARAMAN  
COMPANY SECRETARY

Encl: as above

- cc: 1. Bombay Stock Exchange Limited, Mumbai  
(Regular Office & Corporate Relations Dept. – Scrip Code: 532432)
2. National Stock Exchange of India Limited, Mumbai



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

Unaudited Financial Results (Provisional) for the six months ended September 30, 2011

|                                                                                             | Unaudited                          |                |                                  |                | Rs. Lakhs                         |
|---------------------------------------------------------------------------------------------|------------------------------------|----------------|----------------------------------|----------------|-----------------------------------|
|                                                                                             | Three months Ended<br>September 30 |                | Six Months Ended<br>September 30 |                | Audited<br>Year Ended<br>March 31 |
|                                                                                             | 2011                               | 2010           | 2011                             | 2010           | 2011                              |
| <b>1 Sales/Income from Operations</b>                                                       | <b>376,303</b>                     | <b>264,274</b> | <b>786,993</b>                   | <b>554,389</b> | <b>1,283,660</b>                  |
| Less: Excise duty                                                                           | 197,241                            | 128,854        | 414,389                          | 272,674        | 646,771                           |
| (a) Net Sales/Income from Operations                                                        | 179,062                            | 135,420        | 372,604                          | 281,715        | 636,889                           |
| (b) Other Operating Income (Note 5)                                                         | 7,569                              | 1,133          | 8,476                            | 1,899          | 4,919                             |
| <b>Total Income</b>                                                                         | <b>186,631</b>                     | <b>136,553</b> | <b>381,080</b>                   | <b>283,613</b> | <b>641,808</b>                    |
| <b>2 Expenditure</b>                                                                        |                                    |                |                                  |                |                                   |
| a) (Inc)/Dec in stock in trade                                                              | (4,765)                            | (2,111)        | (3,864)                          | (6,395)        | (27,733)                          |
| b) Consumption of Raw Materials                                                             | 49,614                             | 30,200         | 97,888                           | 65,692         | 167,235                           |
| c) Purchase of Traded Goods                                                                 | 19,466                             | 14,879         | 42,900                           | 34,887         | 76,249                            |
| d) Consumption of Other Materials                                                           | 40,104                             | 29,179         | 83,003                           | 57,788         | 143,702                           |
| e) Employee Cost                                                                            | 10,464                             | 8,219          | 20,116                           | 15,876         | 36,471                            |
| f) Depreciation                                                                             | 1,517                              | 1,044          | 2,787                            | 1,956          | 4,775                             |
| g) Other expenditure                                                                        |                                    |                |                                  |                |                                   |
| i) Advertisement & Sales Promotion                                                          | 16,860                             | 15,576         | 31,894                           | 29,479         | 67,051                            |
| ii) Others                                                                                  | 21,720                             | 17,570         | 42,038                           | 34,369         | 77,566                            |
| <b>h) Total</b>                                                                             | <b>154,981</b>                     | <b>114,556</b> | <b>316,763</b>                   | <b>233,652</b> | <b>545,316</b>                    |
| <b>3 Profit from Operations before Other income, Interest &amp; Exceptional Items (1-2)</b> | <b>31,650</b>                      | <b>21,997</b>  | <b>64,317</b>                    | <b>49,962</b>  | <b>96,492</b>                     |
| 4 a) Other Income                                                                           | 4                                  | 1              | 4                                | 1              | 523                               |
| b) Exchange Difference - Gain/(Loss)                                                        | 3,944                              | (844)          | 4,026                            | (928)          | (2,257)                           |
| <b>5 Profit before Interest &amp; Exceptional Items (3+4)</b>                               | <b>35,598</b>                      | <b>21,154</b>  | <b>68,347</b>                    | <b>49,035</b>  | <b>94,758</b>                     |
| <b>6 Interest / Finance Charges (Net of receipts)</b>                                       | <b>12,414</b>                      | <b>9,829</b>   | <b>24,687</b>                    | <b>19,480</b>  | <b>40,279</b>                     |
| <b>7 Profit after Interest but before Exceptional Item (5-6)</b>                            | <b>23,184</b>                      | <b>11,325</b>  | <b>43,660</b>                    | <b>29,556</b>  | <b>54,479</b>                     |
| <b>8 Exceptional Items-(Expense)/Income (Note 6)</b>                                        | <b>(1,091)</b>                     | <b>-</b>       | <b>(1,091)</b>                   | <b>-</b>       | <b>3,684</b>                      |
| <b>9 Profit/(+)/Loss (-) from ordinary Activities (7 + 8)</b>                               | <b>22,093</b>                      | <b>11,325</b>  | <b>42,569</b>                    | <b>29,556</b>  | <b>58,163</b>                     |
| <b>10 Tax Expense</b>                                                                       |                                    |                |                                  |                |                                   |
| Current Tax                                                                                 | 7,630                              | 3,880          | 14,500                           | 10,650         | 17,935                            |
| Deferred Tax Charge/ (Credit)                                                               | (336)                              | (15)           | (501)                            | (660)          | 1,679                             |
| Fringe Benefit Tax                                                                          | -                                  | -              | -                                | -              | -                                 |
| <b>11 Net Profit/(+)/ Loss(-) from Ordinary Activities after Tax(9-10)</b>                  | <b>14,799</b>                      | <b>7,460</b>   | <b>28,570</b>                    | <b>19,566</b>  | <b>38,549</b>                     |
| <b>12 Extraordinary Items (Net of tax expense)</b>                                          | <b>-</b>                           | <b>-</b>       | <b>-</b>                         | <b>-</b>       | <b>-</b>                          |
| <b>13 Net Profit/(+)/Loss(-) for the Period (11-12)</b>                                     | <b>14,799</b>                      | <b>7,460</b>   | <b>28,570</b>                    | <b>19,566</b>  | <b>38,549</b>                     |
| <b>14 Paid-up Equity Share Capital (Face value Rs.10)</b>                                   | <b>13,080</b>                      | <b>12,559</b>  | <b>13,080</b>                    | <b>12,559</b>  | <b>13,080</b>                     |
| <b>15 Reserves excluding Revaluation Reserves</b>                                           |                                    |                |                                  |                | <b>496,197</b>                    |
| <b>16 Earnings Per Share</b>                                                                |                                    |                |                                  |                |                                   |
| a) EPS Basic - Rs/share (Not annualised)                                                    | 11.32                              | 5.94           | 21.84                            | 15.58          | 29.47                             |
| b) EPS Diluted - Rs/share (Not annualised)                                                  | 11.32                              | 5.94           | 21.84                            | 15.58          | 29.47                             |
| <b>17 Public shareholding</b>                                                               |                                    |                |                                  |                |                                   |
| - No. of Shares                                                                             | 94,154,208                         | 87,184,350     | 94,154,208                       | 87,184,350     | 94,154,208                        |
| - Percentage of shareholding                                                                | 71.30                              | 69.42          | 71.30                            | 69.42          | 71.98                             |
| <b>18 Promoters and Promoter Group Shareholding</b>                                         |                                    |                |                                  |                |                                   |
| a) Pledged/Encumbered                                                                       |                                    |                |                                  |                |                                   |
| - No. of Shares                                                                             | 32,845,407                         | 32,380,474     | 32,845,407                       | 32,380,474     | 32,089,407                        |
| - Percentage of shares                                                                      | 89.64%                             | 88.35%         | 89.64%                           | 88.35%         | 87.52%                            |
| (as a % of the total share Capital of Promoter and Promoter Group)                          |                                    |                |                                  |                |                                   |
| - Percentage of shares                                                                      | 25.11%                             | 25.77%         | 25.11%                           | 25.77%         | 24.52%                            |
| (as a % of the total share Capital of the Company)                                          |                                    |                |                                  |                |                                   |
| b) Non -encumbered                                                                          |                                    |                |                                  |                |                                   |
| - No. of Shares                                                                             | 3,795,353                          | 4,267,786      | 3,795,353                        | 4,267,786      | 4,571,353                         |
| - Percentage of shares                                                                      | 10.36%                             | 11.65%         | 10.36%                           | 11.65%         | 12.48%                            |
| (as a % of the total share Capital of Promoter and Promoter Group)                          |                                    |                |                                  |                |                                   |
| - Percentage of shares                                                                      | 2.90%                              | 3.40%          | 2.90%                            | 3.40%          | 3.50%                             |
| (as a % of the total share Capital of the Company)                                          |                                    |                |                                  |                |                                   |

# UNITED SPIRITS LIMITED

"IP Tower", # 24, Vittal Mallya Road, Bangalore - 560 001



## Statement of Assets & Liabilities

(Rs. In lakhs)

|                                                              | Unaudited        |                |
|--------------------------------------------------------------|------------------|----------------|
|                                                              | Six months ended |                |
|                                                              | September 30,    |                |
|                                                              | 2011             | 2010           |
| <b>Shareholders' Funds:</b>                                  |                  |                |
| (a) Share Capital                                            | 13,080           | 12,559         |
| (b) Reserves and Surplus                                     | 557,691          | 487,389        |
| <b>Loan Funds</b>                                            | 416,969          | 383,274        |
| <b>TOTAL</b>                                                 | <b>987,740</b>   | <b>883,222</b> |
| <b>Fixed Assets</b>                                          | 105,597          | 77,367         |
| <b>Investments</b>                                           | 157,342          | 125,394        |
| <b>Deferred Tax Asset (Net)</b>                              | 2,529            | 1,309          |
| <b>Foreign Currency Monetary Item Translation Difference</b> | -                | 1,638          |
| <b>Current Assets, Loans and Advances</b>                    |                  |                |
| (a) Inventories                                              | 120,006          | 84,123         |
| (b) Sundry Debtors                                           | 167,775          | 112,171        |
| (c) Cash and Bank Balances                                   | 12,413           | 12,958         |
| (d) Other Current Assets                                     | 32,816           | 33,268         |
| (e) Loans and Advances                                       | 541,316          | 547,672        |
| <b>Less: Current Liabilities and Provisions</b>              |                  |                |
| (a) Liabilities                                              | 141,396          | 104,658        |
| (b) Provisions                                               | 10,658           | 8,020          |
| <b>TOTAL</b>                                                 | <b>987,740</b>   | <b>883,222</b> |

**United Spirits Limited**  
**Unaudited Financial Results (Provisional) for the three months ended**  
**September 30, 2011**

**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 constitutes a single business segment. 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, primary and secondary reporting disclosures for business/geographical segment as envisaged in AS-17 are not applicable to the Company.
2. At the Annual General Meeting held on 29<sup>th</sup> September, 2011, a dividend of Rs.2.50/- per share on the equity shares of the Company for the year ended March 31, 2011, was approved by the shareholders, which has since been paid to all the eligible shareholders.
3. The Company has further acquired 10,001,250 and 8,991,100 equity shares in Sovereign Distilleries Limited (SDL), on September 8, 2011 and on October 3, 2011 respectively, aggregating to 54,946,630 equity shares constituting 94.02% of the paid up capital of SDL.
4. The figures for the quarter and half year ended September 30, 2011 are after giving effect to the merger of Balaji Distilleries Limited (post transfer of the brewery division undertaking to its wholly owned subsidiary CBPL) ("Balaji"), while figures for the quarter and half year ended September 30, 2010 are those of the Company prior to the merger of Balaji and hence, are not comparable.
5. The Other Operating income includes Rs.65.73 Crores towards write back of provision no longer required consequent to the settlement of a legal matter in the Company's favour.
6. The Exceptional Item represents the provision made towards the Excise liability relating to prior years based on a legal pronouncement, received subsequent to the quarter end. The Company has preferred an appeal on the same.
7. Details of number of Investor complaints for the quarter ended September 30, 2011: Opening: NIL, Received: 14, Disposed off: 11, Pending: 3.
8. The above unaudited results have been approved by the Board of Directors at their meeting held on November 7, 2011 and have been subjected to a Limited Review by the Auditors of the Company.
9. Previous period/year's figures have been regrouped, wherever necessary, to conform to the current period/year's classifications.

By authority of the Board

Sd/-  
**ASHOK CAPOOR**  
**Managing Director**

Mumbai  
November 7, 2011



**UNITED SPIRITS LIMITED**

**Mumbai**  
**November 7, 2011**

**PRESS RELEASE**

**RESULTS Q-2 FY12**

**PAT UP 98% (by ₹73Cr to ₹148Cr)**  
**EBIDTA UP 44% (by ₹101Cr to ₹332Cr)**  
**VOLUMES UP 8% (to 28.7mio cases)**  
**REVENUES UP 32%\* (by ₹436Cr to ₹1,791Cr)**

| <b>Q2 FY11</b> | <b>July - September</b>                        | <b>Q2 FY12</b> |                           |
|----------------|------------------------------------------------|----------------|---------------------------|
| <b>26.6</b>    | <b>VOLUMES - USL INDIA<br/>(Million cases)</b> | <b>28.7</b>    | <b>+ 2.2 million ↑ 8%</b> |
| <b>1,354.2</b> | <b>REVENUE<br/>(₹Crore)</b>                    | <b>1,790.6</b> | <b>+ 436.4 Cr ↑ 32%*</b>  |
| <b>230.4</b>   | <b>Operational EBIDTA<br/>(₹Crore)</b>         | <b>331.7</b>   | <b>+101.3Cr ↑ 44%</b>     |
| <b>74.6</b>    | <b>Profit After Tax<br/>(₹Crore)</b>           | <b>148.0</b>   | <b>+73.4Cr ↑ 98%</b>      |

***\*19% after adjusting previous year figures for the Revenue of Balaji Distilleries Limited and the inclusion of VAT at first point in Maharashtra effective the current fiscal.***

At a meeting of the Board of Directors of United Spirits Limited in Mumbai today, the results of the Company for the July-September quarter of fiscal 2012 were approved.

During the quarter, traditionally the weakest of the four quarters, Sales Revenues were up 32% to ₹1,790.6 crore, an increase of ₹436.4 crore over that of the previous year (₹1,354.2 crore). After adjusting for the fact that the figures for the comparable quarter of the previous year did not incorporate the sales revenue of Balaji Distilleries Ltd. and the introduction of first point VAT in Maharashtra effective the current fiscal, revenue growth

stands at 19%. Sales Volumes during the quarter were up 8% (2.2 million cases), and stood at 28.7 million (PY 26.6 million cases). As in the previous quarters, the higher growth in revenue *vis-a-vis* the growth in volume reflects the continuing success of the premiumization drive by the Company – volumes of the brands at the upper end of the portfolio grew 17% during the quarter.

During the quarter, the Company was awarded a favorable judgment in a matter relating to imposition of a levy by the Maharashtra Government on ENA. The levy amounting to ₹ 65.7 crore, which had impacted the cost of goods of the previous fiscal years, has been written back in this quarter under the head 'Other Income from Operations'.

Spirit costs during the quarter were up 11% (₹ 15 per case approx.) compared to the corresponding quarter of the previous fiscal and 6.6% *vis-a-vis* the average rate of the previous fiscal year. The increase in ENA rates is the result of multiple factors including the increasing supplies of Ethanol to the Oil Marketing Companies at very profitable prices for the distillers, supply disruptions in states like UP and Karnataka and imbalances in regional growth in USL e.g. the spurt in volumes in the East which has limited supply sources for ENA.

Production at the recently acquired units of Pioneer Distilleries at Nanded, Maharashtra and Sovereign Distilleries at Sindhanur, Karnataka has been increasing and the growing emphasis on grain as feedstock has helped to contain the ENA rate increase to these levels. The results of the current quarter also reflect the impact of significant price increases granted during the previous fiscal to suppliers of glass and paper.

Despite these increases in the cost of goods and inflation in other costs, EBITDA for the quarter was up 44% (₹ 101 crore) and stood at ₹ 331.7 crore (PY ₹ 230.4 crore). EBITDA margin however has been impacted adversely by 150 basis points as a result of the incorporation of the financials of the erstwhile Balaji Distilleries Ltd in the results of this quarter.

This increase in EBITDA, despite the steep cost-push, has been brought about by price increases taken towards the end of the quarter and the premiumization drive of the Company. Price increases as per the Company's usual practice were taken through a mix of increases in billing prices, decreases in promotional trade spends and the introduction of higher-priced alternate brands.

The reduction in promotional trade spends to effect 'hidden price increases' has reduced the salience of advertising and sales promotion expenditure from 11.5% in Q2 of the previous fiscal to 9.4% in the current quarter. With the national rollout underway of new brands from the USL stable e.g., Signature Premier (a higher-priced variant of the best-selling Signature Rare Whisky blended with 8-year old Scotch Whisky), Vladivar Vodka, a high-end variant from the W&M stable and three twin-combo flavors of the best selling millionaire brand White Mischief Vodka, brand launch and brand-building expenditure in subsequent quarters is likely to increase.

USL brands, particularly at the upper end of the product portfolio, continue to grow in both volume and value terms.

During the quarter, the Company progressively increased its shareholding in the Karnataka based Sovereign Distilleries Ltd, an unlisted primary distillation Company with a 180 Kilo Liters Per Day facility using both molasses and grain as input substrates. This shareholding as on date stands at 94% of the equity capital of SDL.

During the quarter, USL undertook a GBP 370 million re-finance of the remnant debt originally taken for the acquisition of W&M. The new loan has a 7-year tenure including a 3-year moratorium with a ballooning re-payment over the subsequent 4 years. The total hedged cost of this new debt is about 45 basis points lower than the current loan.

Interest costs in the current quarter stood at ₹124.1 crore vis-a-vis ₹98.3 crore for the corresponding quarter. On a consolidated basis however, the increase is less sharp -- ₹152.1 crore against ₹138.4 crore of the corresponding quarter. This increase is substantially driven by higher cost of interest as also increased debt for working capital and capital expenditure to finance business growth.

The recently constituted Emerging Markets Division of the Company has already activated the opening up of new markets in the African and Asian continents and supplies of IMFL and Whyte & Mackay brands to these markets will henceforth be channelized through this Division.