Press release - USL AUDITED RESULTS – 2011-12

30 May, 2012

UNITED SPIRITS LIMITED
Mumbai May 29, 2012 PRESS RELEASE
AUDITED RESULTS – 2011-12

USL STANDALONE
EBIDTA UP 5% (by Rs.54Cr to Rs.1,066Cr) VOLUMES UP 7% (+ 7.9 mio cases) REVENUES UP 18% (by Rs.1,173.8Cr to Rs.7,542.7Cr)

2010-11	**April – March**	**2011-12**	
112.24	VOLUMES (Million cases)	120.18	+7.94 mio 7%
6,368.9	REVENUE (crore)	7,542.7	+ 1,173.8Cr 18%
1,012.6	Operational EBIDTA (crore)	1,066.4	+53.8Cr 5.3%

USL CONSOLIDATED
VOLUMES UP 7% (+8.4 mio cases) REVENUES UP 25% (by Rs.1,810Cr to Rs.9,186.5Cr) Operational EBIDTA UP 16% (by Rs.194.7Cr to Rs.1,408.8Cr)

2010-11	**April – March**	**2011-12**	
114.31	Volumes (Million cases)	122.75	+ 8.4 mio 7%
7,376.2	REVENUE (crore)	9,186.5	+ 1,810.0Cr 25%
1,214.1	Operational EBIDTA (crore)	1,408.8	+194.7Cr 16%

In keeping with the new listing requirements seeking the publication of audited results within 60 days from the end of the fiscal year, the Board of Directors of United Spirits Limited approved the audited results for fiscal 2012 at their meeting in Mumbai today.
For the year Sales Revenue was up 18% to Rs.7,542.7 crore, an increase of Rs.1,174 crore over the previous year (Rs.6,368.9 crore). Sales Volumes during the year were up 7% (7.94 million cases), and stood at 120.18 million (PY 112.24 million cases). The higher growth in revenue vis-a-vis volume reflects the continuing success of the premiumization drive by the Company. On a worldwide basis, including the sales of its overseas subsidiaries, sales stood at 122.75 million cases, a growth of 7% from the previous year's 114.31 million.
Two key markets – West Bengal & Tamil Nadu, dampened company performance during the year. On top of Maharashtra's steep hike in duties last fiscal, West Bengal followed with an exorbitant increase in taxes and duties in Aug-Sept'11 that led to a 35% drop in off-take in H-2 of the fiscal year; while this was as high as 48% in the quarter immediately following the hike, a gradual coming-to-terms with the new prices by consumers led to the drop reducing to 19% in Q4. The Tamil Nadu parastatal buying agency targeted USL's national brands to favor local offerings thereby affecting off-take of USL brands by 2 million cases in H-2 in the country's largest spirits market – fortunately the lack of off-take of the substitute brands has prompted a reversal of the attempt.
Spirit costs during the year were up Rs.13/case from the previous year as a result of two factors -the increased floor rates of Ethanol supplies to the Oil Marketing Companies that raised the minimum prices for ENA for the potable sector and the imbalances created through political interventions in large molasses-producing states like UP and Maharashtra that affected both availability and movement.
While glass suppliers queued up in late 2011 for an increase owing to the increase in price of their energy inputs, they were granted an 8% increase effective February 2012. The combined effect of the increases in costs of wet and dry goods pushed up overall COG by 350 basis points on a Y-o-Y comparison. While EBIDTA has increased from Rs.1,012.6 crore to Rs.1,066.4 crore, a 5.3% increase, margin was impacted adversely by 180 basis points despite the 350 basis points increase in COG as a % of NSR.
This increase in EBIDTA for the fiscal, despite the cost-push and loss of profit in the two markets mentioned above together amounting to Rs.350 crore, has been brought about by price increases 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.
Profit for the quarter compared to the preceding quarter of FY12 and the comparable quarter of FY11 were affected significantly by notional losses on account of exchange differences in inter-company balances (Rs.44 crore and Rs.20 crore respectively), apart from increase in interest costs.
USL brands, particularly at the top-end of the product portfolio, continue to grow in both volume and value terms. Key brands like Signature (+27%), Royal Challenge (+23%), Antiquity (+13%), Black Dog (+28%) and the No.1 McDowell's franchise (+9%) have led from the front in the drive to move the portfolio up the value chain.
McDowell's No.1 Celebration Rum is now the world's largest selling dark rum
joining McDowell's No.1 Brandy that has been the world's leading brandy for some years
now. McDowell's No.1 Whisky is now India's largest-selling spirits brand with sales just under 17 million cases during the fiscal year.
New product launches during the year have been extremely well received both by the trade and consumers alike. Signature Premier, a new introduction blended with 8 Year Old Scotch has surpassed all expectations even with its positioning at the pricey super-premium end of the whisky market. Vladivar Vodka, a premium brand from the Whyte & Mackay stable, was introduced into the Indian market simultaneously with its three twin-flavored variants, a first in the Indian spirits market. McDowell's No.1 Cariba Rum, a premium dark rum offering blended with Jamaican rum spirit, has received a very good response in the few markets of East and North India where it has been rolled out, which augurs well for the future.
During the quarter, the Company increased its shareholding in the North Central Karnataka-based Sovereign Distilleries Ltd, an unlisted primary distillation Company with a 180 Kilo Litres Per Day facility using both molasses and grain as input substrates, to convert it into a
wholly owned subsidiary; plans are afoot to merge it with the parent company this fiscal to derive tax advantages in supplies.
In the early part of fiscal 2012, 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 tenor including a 3-year moratorium with a ballooning re-payment over the subsequent 4 years. The repeated increases in interest rates by the central bank during fiscal 2012 and increased working capital requirements to fund both operational expansions and capital investments pushed up interest costs from Rs.445 crore to Rs.594 crore.
With a view to reinforcing its position as the Global Leader in Distilled Spirits, the Company is seeking to open up four new markets in the African and Asian continents. The Company's Emerging Markets Division is spearheading the foray into these markets with brands from both the Indian and the Whyte and Mackay stables, initially on an export basis from India and Scotland while progressively developing local manufacturing capability for the volume portfolio.
At the same meeting, a dividend of Rs.2.50 per equity share was also approved for distribution to the equity shareholders of the Company, subject to approval by the members at the ensuing AGM.