



PERFORMANCE HIGHLIGHTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2016.

- **9M VOLUME AND NET SALES REVENUE FLAT WITH SLIGHT MARKET SHARE GAIN**
- **Q3 VOLUME DOWN 8%, NET REVENUE DOWN 6.5%**
- **EARNINGS ADVERSELY IMPACTED BY UNFAVOURABLE MARKET CONDITIONS IN Q3**

For the nine month period UBL volume was flat, slightly ahead of the industry which was down 2%, and resulting in marginal market share gain. Revenue net of excise was flat in line with volume. However, the 3rd quarter was adversely impacted by demonetization, which resulted in both UBL & industry volume down 8%.

UBL year to date volumes grew in almost all regions but declined in the Western region, whilst the industry saw volume growth in the North and South, and volume decline in the East and West.

UBL captured growth opportunities in the East, resulting in significant volume growth and market share gain. Growth in the East was driven by the West Bengal, Orissa and Jharkhand markets. In Bihar where total prohibition was declared on 5th April 2016, there was no revenue during the period.

Growth in the Southern region was driven by Andhra Pradesh, Telangana and Kerala, with UBL achieving market share gains, however Karnataka witnessed a drop in volumes with UBL holding market share.

In the North UBL gained significant volume growth in Delhi and Uttaranchal markets, while most other markets witnessed volume declines

Input costs continued to be under pressure, with price increases in barley and sugar, which were in part offset by improved efficiencies.

Better working capital management resulted in lower borrowings, which coupled with lower borrowing costs led to a 25% reduction in interest costs.

The unfavorable market conditions combined with the impact of demonetization, excise duty increases in several states and pressure on cost of materials consumed, resulted in a drop in UBL's EBITDA and PAT in the 3rd quarter versus last year.

Arising out of a Public Interest Litigation, the Supreme Court of India, by its Judgment dated December 15, 2016, has held that by April 1, 2017 the licenses for operating of liquor shops on the National and State highways and within a distance of 500 meters of the outer edge of the National or State highways, shall be ceased. The said Judgment also prohibits any signage and advertisement relating to liquor on the highways. Prime facie, it is estimated that about 40% of all outlets are potentially affected. The long term implications are yet to be better understood, and will be dependent on the number of outlets having an opportunity to relocate to an alternative location.

Mumbai, February 8, 2017