



United Spirits Limited

Instruments	Amounts	Rating Action
	(Rs. Crore [*])	November 2015
Term loans	320.65	[ICRA]BBB- &
Fixed Deposits	400.00	MA- &
Fund based facilities	2,100.00	[ICRA]A3 &
Non-fund based facilities	400.00	[ICRA]A3 &

& - rating on watch with developing implications

ICRA has rating outstanding of [ICRA]BBB-& (pronounced ICRA triple B minus; Rating on watch with developing implications)[†] on the Rs.320.65 crore term loan facilities of United Spirits Limited ("USL" / "the Company"). ICRA also has medium term rating of MA-& (pronounced M A minus; Rating on watch with developing implications) outstanding on the Rs.400.00 crore fixed deposit program of USL. ICRA also has short term rating of [ICRA]A3 (pronounced ICRA A three; Rating on watch with developing implications) outstanding on the Rs.2,100.00 crore fund based facilities and the Rs.400.00 crore non-fund based facilities of the Company.

ICRA has taken note of the financial performance of the Company for 2014-15 and H1 2015-16 and the accompanying notes to accounts and the audit report. While the audit report for 2014-15 highlights certain delays in debt servicing by the Company, basis its discussions with USL's management and the information shared with it, ICRA understands that the aforesaid delays are technical in nature (including commercial disputes) and do not reflect liquidity mismatches. The ratings would remain on "Rating watch with developing implications". ICRA is in the process of conducting detailed credit rating surveillance exercise and would take suitable rating action upon completion of the same.

Company Profile

United Spirits Limited ("USL" / "the Company") is engaged in the manufacture, marketing and distribution of spirits in the domestic as well as international markets. The Company is the largest player in the liquor industry accounting for an estimated 37.5% of the domestic market share. USL's main products are Scotch and Indian whisky, dark and light rums, brandy, gin and vodka. The company has over 140 brands in its portfolio, 18 of which are millionaire brands (selling more than a million cases a year), and enjoys a strong brand recognition in the Indian spirits market. Major brands of USL include Antiquity, Signature, Royal Challenge, McDowell's No. 1, Bagpiper, Bouvet Ladubay, Pinky, Romanov and White Mischief.

As on March 31, 2015, the Company has 88 manufacturing units (owned/leased/contracted) that are capable of distilling molasses or grain to produce extra neutral alcohol (ENA) or bottling IMFL or both. The company also has a wide distribution network covering almost 98% of the ~66,000 retail outlets across the country. In the past, USL has followed an aggressive inorganic strategy with acquisition of the then second largest Indian liquor manufacturer – Shaw Wallace, French wine maker Bouvet Ladubay and the fourth largest Scotch whisky player – Whyte & Mackay.

^{*} 100 lakhs = 1 crore = 10 millions

[†] For complete rating scale and definitions, please refer ICRA's website (www.icra.in) or other ICRA Rating Publications

**Recent results (Consolidated)**

For 2014-15, the Company reported net loss of Rs.1,687.3 crore on operating income of Rs.9,335.0 crore as against net loss of Rs.4,488.8 crore on operating income of Rs.10,615.4 crore during 2013-14. During H1 2015-16 (on standalone basis), the Company reported net profit of Rs.949.2 crore on revenues of Rs.4,151.0 crore as against net loss of Rs.85.9 crore on revenues of Rs.3,827.1 crore during the same period previous fiscal.

November 2015

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