

Shaw Wallace USL stock sold

Move to part pay \$625m loan

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UNITED Spirits (USL), the liquor arm of Vijay Mallya-owned UB Group, said on Tuesday it had raised about Rs 950 crore through sale of the 10.3 million treasury stock of Shaw Wallace in USL. The funds will be used to settle part of the debt of the company that stands at about Rs 7,500 crore.

The sale of shares was made in the open market. Shaw Wallace & Company was acquired by the UB group in 2005 and was merged with USL last year.

USL also aims to raise about \$250-300 million through a qualified institutional placement (QIP) or the private equity route before the end of the financial year, to de-leverage the balance sheet of the company further.

Speaking to *Financial Chronicle*, Ravi Nedungadi, chief financial officer of UB Group said, "We had borrowed \$625 million (approx Rs 3,000 crore) during acquisition of

Debt wish

■ With Tuesday's sale the company would be paying off around \$300 million of the debt

■ Shaw Wallace was acquired by the UB group in 2005 and was merged with USL in '08

■ USL also aims to raise about \$250-300 million via QIP or the private equity route

Whyte & Mackay and the amount raised on Tuesday will be used to retire that debt partially."

The Scotland-based scotch-maker was acquired in 2007.

He said the first tranche of \$40 million was repaid in May and another \$70 million was paid in July. With today's tranche of Rs 950 crore, the company would be paying off around \$300 million, that's almost half of the \$625 million borrowed.

Turn to P4

Buoyancy in market helped UB raise cash

From P1

At the time of payment of the first two tranches, USL had indicated that it was in talks with US-based Diageo to sell part of its stake. The disposal of shares by Shaw Wallace would indicate that USL would no longer be immediately interested in selling shares to Diageo.

Nedungadi said the buoyancy in the market had provided UB with the opportunity to raise funds. "Similarly, we will look at raising \$250-300 million before the end of the financial year or

earlier. QIP is one option and we have got interests from PE players." However, he added, that the company was "not in a hurry" to raise more funds right away.

Nedungadi declined to provide names of the financial institutions who had bought the Shaw Wallace treasury stake. However, industry observers say these could be US-based investors, Blackstone and KKR. As of March 2009, Shaw Wallace held 10.27 per cent stake in United Spirits. "We are still left with 7 million treasury shares," Nedungadi

said. USL had posted net profit of Rs 297 crore for 2008-09 with sales of 90 million cases as against Rs 311 crore in the previous year on sales of 75 million cases.

The USL portfolio comprises brands such as McDowell's No1, Royal Challenge, Black Dog, Signature, Whyte and Mackay, Bouvet Ladubay, Romanov and White Mischief, among others.

UNITED SPIRITS/BSE Rs 873.05 ▼
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