



# UNITED SPIRITS LIMITED

'UB Tower', # 24, Vittal Mallaya Road, Bangalore - 560 001

## Unaudited Financial Results (Provisional) for the three months ended September 30, 2009

	UNAUDITED				Rs. Lakhs
	Three months Ended September 30		Half year Ended September 30		Audited Year Ended March 31
	2009	2008	2009	2008	2009
<b>1 Sales/Income from Operations</b>	<b>201,237</b>	<b>164,562</b>	<b>438,260</b>	<b>349,062</b>	<b>745,496</b>
Less: Excise duty	93,232	74,358	206,084	157,988	336,542
<b>(a) Net Sales/Income from Operations</b>	<b>108,005</b>	<b>90,204</b>	<b>232,176</b>	<b>191,074</b>	<b>408,954</b>
(b) Other Operating Income	750	932	1,384	1,644	5,014
<b>Total Income</b>	<b>108,755</b>	<b>91,136</b>	<b>233,560</b>	<b>192,718</b>	<b>413,968</b>
<b>2 Expenditure</b>					
a) (Inc)/Dec in stock in trade	(2,872)	(2,285)	(2,962)	403	(19,922)
b) Consumption of Raw Materials	25,246	20,025	58,466	38,653	102,080
c) Purchase of Traded Goods	13,225	12,443	25,569	21,094	54,248
d) Consumption of Other Materials	23,337	19,485	49,633	41,633	95,256
e) Employee Cost (Refer Note 6)	7,923	4,774	14,732	11,227	25,923
f) Depreciation	826	874	1,627	1,693	3,616
g) Other expenditure					
i) Advertisement & Sales Promotion	8,346	4,901	17,174	15,324	34,677
ii) Others	14,593	12,957	29,166	25,314	53,926
<b>h) Total</b>	<b>90,624</b>	<b>73,174</b>	<b>193,405</b>	<b>155,341</b>	<b>349,804</b>
<b>3 Profit from Operations before Other Income, Interest &amp; Exceptional Items (1-2)</b>	<b>18,131</b>	<b>17,962</b>	<b>40,155</b>	<b>37,377</b>	<b>64,164</b>
4 a) Other Income	1	132	1	138	420
b) Exchange Difference - Gain/(Loss)	339	183	528	2,185	909
<b>5 Profit before Interest &amp; Exceptional Items (3+4)</b>	<b>18,471</b>	<b>18,277</b>	<b>40,684</b>	<b>39,700</b>	<b>65,493</b>
6 Interest / Finance Charges (Net of receipts)	7,506	3,947	13,428	7,360	19,578
<b>7 Profit after Interest but before Exceptional Item (5-6)</b>	<b>10,965</b>	<b>14,330</b>	<b>27,256</b>	<b>32,340</b>	<b>45,915</b>
8 Exceptional Items	-	-	7,000	-	-
9 Profit(+)/Loss (-) from ordinary Activities (7 - 8)	10,965	14,330	34,256	32,340	45,915
10 Tax Expense					
Current	4,500	5,180	9,650	11,500	17,609
Deferred	(399)	(329)	(113)	(452)	(1,860)
Fringe Benefit Tax	(96)	90	-	190	501
11 Net Profit(+)/ Loss(-) from Ordinary Activities after Tax(9-10)	6,960	9,389	24,719	21,102	29,665
12 Extraordinary Items (Net of tax expense)	-	-	-	-	-
13 Net Profit(+)/Loss(-) for the Period (11-12)	6,960	9,389	24,719	21,102	29,665
14 Paid-up Equity Share Capital (Face value Rs.10)	10,791	10,016	10,791	10,016	10,791
15 Reserves excluding Revaluation Reserves					295,980
<b>16 Earnings Per Share</b>					
a) EPS Basic - Rs/share (Not annualised)	6.45	9.37	22.90	21.07	27.49
b) EPS Diluted - Rs/share (Not annualised)	6.45	9.37	22.90	21.07	27.49
17 Public shareholding					
- No. of Shares	70,928,959	63,502,894	70,928,959	63,502,894	63,390,994
- Percentage of shareholding	65.73	63.40	65.73	63.40	63.29
18 Promoters and Promoter Group Shareholding					
a) Pledged/Encumbered					
- No. of Shares	33,269,304	-	33,269,304	-	33,269,304
- Percentage of shares	90.83%	-	90.83%	-	90.83%
(as a % of the total share Capital of Promotor and Promotor Group)					
- Percentage of shares	30.83%	-	30.83%	-	33.22%
(as a % of the total share Capital of the Company)					
b) Non - encumbered					
- No. of Shares	3,358,956	-	3,358,956	-	3,358,956
- Percentage of shares	9.17%	-	9.17%	-	9.17%
(as a % of the total share Capital of Promotor and Promotor Group)					
- Percentage of shares	3.11%	-	3.11%	-	3.35%
(as a % of the total share Capital of the Company)					

**United Spirits Limited**  
**Unaudited Financial Results (Provisional) for the three months ended**  
**September 30, 2009**

**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 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. (a) The Scheme of Amalgamation of Shaw Wallace & Company Limited ('SWCL') and Primo Distributors Private Limited ('Primo') with the Company ('Scheme') sanctioned by the Hon'ble High Court of Karnataka at Bangalore, the Hon'ble High Court of Judicature of Bombay and the Hon'ble High Court at Calcutta, has become effective on July 6, 2009. Consequently, both SWCL and Primo ceased to be subsidiaries of the Company and Primo was dissolved without winding up. Pursuant to the Scheme, 7,749,121 equity shares of Rs.10/- each fully paid up in the Company have been allotted to the eligible shareholders of SWCL on July 24, 2009, resulting in the increase of the paid up share capital of the Company to Rs.1,079,123,770/- divided into 107,912,377 equity shares of Rs.10/- each fully paid up. The aforesaid equity shares have been listed on the Stock Exchanges where the existing equity shares of the Company are listed. Primo being a wholly owned subsidiary of the Company, no consideration was payable. The equity shares held by the Company in SWCL and Primo stood cancelled and the 1,306,431 Equity Shares held by Primo in the Company stood transferred to and vested in USL Benefit Trust.  
(b) The scheme of amalgamation of Zelinka Limited (Zelinka) with the company has become operative from March 26, 2009. As Zelinka was a wholly owned subsidiary of the Company, no consideration was payable.
3. During the quarter ended June 30, 2009, SWCL sold 10,282,553 equity shares of Rs.10/- each, held by it in the Company in the open market through the Stock Exchanges. However, as the aforesaid equity shares, in terms of the Scheme, vest with USL Benefit Trust, of which the Company is the Beneficiary, the resulting surplus of Rs.70 Crores, being the excess of the net sale proceeds over corresponding carrying value of these shares, has been shown under Exceptional Item.
4. The figures for the Quarter ended September 30, 2009, six months ended September 30, 2009 and for the year ended March 31, 2009 are after giving effect to the Schemes of Amalgamation of SWCL, Primo and Zelinka, while figures for the Quarter ended September 30, 2008 and six months ended September 30, 2008 are those of the Company prior to the amalgamation of SWCL, Primo and Zelinka and, hence, are not comparable.

**United Spirits Limited**  
**Unaudited Financial Results (Provisional) for the three months ended**  
**September 30, 2009**

**Notes:**

5. At the Annual General Meeting held on 30<sup>th</sup> September, 2009, a dividend of Rs.2/- per share on the equity shares of the Company [including the Equity Shares allotted pursuant to the Scheme of Amalgamation as described in 2(a) above] for the year ended March 31, 2009, was approved by the shareholders, which has since been paid to all the eligible shareholders.
6. Employee Cost includes Rs.12.76 Crores during the quarter towards special incentives and provision made for Long Term incentive plan.
7. a) The Company has raised funds to the extent of Rs.1,615.60 Crores (equivalent to US\$350 million) by issue of 17,681,952 Equity Shares of Rs.10/- each at a price of Rs.913.70 per Equity Share (including a premium of Rs.903.70 per Equity Share), to certain Qualified Institutions Buyers (QIBs) through a Qualified Institutions Placement (QIP) under the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("the SEBI Regulations").  
  
b) The aforesaid 17,681,952 Equity Shares were allotted to the eligible QIBs on October 23, 2009. Consequently, the issued, subscribed and paid-up Equity Share Capital of the Company stands increased from Rs.1,079,123,770/- divided into 107,912,377 equity shares of Rs.10/- each to Rs.1,255,943,290/- divided into 125,594,329 equity shares of Rs.10/- each. The Company has received in-principle approval of the Stock Exchanges concerned for listing of the aforesaid Equity Shares.  
  
c) The net proceeds of the issue will be used primarily to reduce debt incurred upon the acquisition of Whyte and Mackay Group Ltd., to repay other debt, to fund capital expenditure and for other corporate purposes.
8. The Board of Directors of the Company at their meeting held on November 29, 2008 had approved the proposal of merger of Balaji Distilleries Limited ('BDL') with the Company with effect from April 1, 2009 as per the Scheme of Arrangement between BDL, Chennai Breweries Private Limited ('CBPL') and the Company, subject to the necessary approvals.

The Draft Rehabilitation Scheme of BDL along with the Scheme of Arrangement is pending with the Board for Industrial and Financial Reconstruction, formed under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, for approval.

Pending approval of the above Scheme, the results are that of the Company only and does not include BDL.

**United Spirits Limited**  
**Unaudited Financial Results (Provisional) for the three months ended**  
**September 30, 2009**

**Notes:**

9. Details of number of investor complaints for the quarter ended September 30, 2009: Opening: NIL, Received: 29, Disposed of: 29, Pending: NIL.
10. The above unaudited results have been approved by the Board of Directors at their meeting held on October 26, 2009 and have been subjected to a Limited Review by the auditors of the Company.
11. Previous period/year's figures have been regrouped, wherever necessary, to conform to the current period/year's classifications.

By authority of the Board

Bangalore  
October 26, 2009

Sd/-  
**V.K.REKHI**  
**MANAGING DIRECTOR**



UNITED SPIRITS LIMITED

Bangalore  
October 26, 2009

PRESS RELEASE

H1 FY09	April - September	H1 FY10	
42.4	VOLUMES - USL INDIA (Million cases)	48.1	+14%
1910.7	REVENUE (Rs. crore)	2321.8	+21.5%
390.7	Operational EBIDTA (Rs. crore)	417.8	+6.9%
73.6	Interest (Rs. crore)	134.3	+82.5%
211.0	PAT (Rs. Crore)	247.2	+17.1%

**EBIDTA margin at 18.0% to Net Sales compared to 16.5% for the full year in FY09 despite a 24% increase in raw material costs.**

The Board of Directors of United Spirits Limited today approved the results for Q2 and H1 of fiscal 2010.

For the half-year ended September 2009, sales volumes grew 14% to 48.1 million cases – or 5.7 million cases sold additionally during the half-year. This volume increase has pushed Sales Revenues including sales from our Tie-up Manufacturing Units up by 18.5% during the same period, which is reflective of the continuing success of the Company's 'premiumization' drive. The spurt in sales revenue also represents the impact of price increases that the Company took during the current year and at various times during the course of the last year to tide over the impact of the unforeseen rise in the costs of its primary inputs viz. Extra Neutral Alcohol and Glass Bottles.

Q2 FY09	July - September	Q2 FY10	
20.8	VOLUMES - USL INDIA (Million cases)	22.9	+10%
902.0	REVENUE (Rs. crore)	1080.1	+19%
188.4	Operational EBIDTA (Rs. crore)	189.6	+1%

**EBIDTA maintained at Rs.189.6 cr despite a Rs.54 cr increase in input costs.**

Traditionally, the second quarter of the fiscal year is the slowest for the industry. This year has been no different - during the quarter, the Company has recorded a 10% growth in volume sales of its brands - coming on top of a 17% growth for the previous quarter. This growth reflects a slowdown arising from trade opposition to reasonable market practices of the Company in Maharashtra which issues have since been amicably resolved.

Spirit costs in Q2 of the current year have seen an increase vis-à-vis the corresponding quarter of the previous fiscal as also the exit rate of March 2009; however, costs of ENA have also been by and large static through Q2 and the latter half of Q1 of the current fiscal. The profitability of both quarters of the current fiscal FY10 must be viewed in the light of the fact that the comparable period of the previous fiscal was one of lower input costs - during the half-year period, material costs have risen Rs.114 crore over the comparable previous period. The Company has been able to contain overall input costs to within plan levels through deliberate initiatives like long-term contracting, switching between alternative feed stock like grain and molasses and capitalizing on the increased availability of molasses during the 2009-10 crushing season. The reduction in excise duties introduced as a fiscal relief measure by the Central Government has brought about some savings in packaging costs. The Company's well thought out strategy to increase sales realizations wherever possible, retain spending on brand-building while simultaneously reducing sharply the Below the Line promotional spending has also helped to control total expenses for the period and helped to mitigate the impact of the material cost push.

A&SP expenses during the quarter are higher due to expenses in the national roll-out of Whyte & Mackay Special and Romanov Red Prestige Vodka.

With USL's EBIDTA margin at 17.6% of net sales in this quarter, (as against a full year average of 16.5% in FY09) the operational EBIDTA for the quarter is at Rs.189.6 crore against Rs.188.4 crore in the corresponding period of the last fiscal - for this half-year, operational EBIDTA is at Rs.417.8 crore as against Rs.390.7 crore in the comparable six-month period of the last fiscal. PBT for the six-month period is at Rs.342.6 crore compared to Rs.323.4 crore in the comparable period last year. PAT for the half year is at Rs.247.2 crore compared to Rs.211 crore in the corresponding period of the previous fiscal, an increase of 17%.

The cost of the working capital expansion to fund the sales growth as also the rise in the Rupee/\$ parity have pushed up Interest costs during the quarter to Rs.75 crore from Rs.43 crore in the corresponding period last year.

As part of a planned strategy to deleverage the balance sheet of the acquisition debt raised to acquire Scotch whisky major Whyte & Mackay, now a 100% subsidiary, USL has been evaluating various options. One such option - the issue of 17.681 million equity shares through a Qualified Institutional Placement (QIP) - was successfully concluded last week at the SEBI floor price of Rs.913.70 per Equity share. The additional issue has enhanced the current share capital to 125.58 million shares. The strong interest from investors of high repute allowed the Company to exercise the full upsize option, increasing the deal from the

base US\$ 250 million to US\$ 350 million. This money is being utilized to pay down US\$ 285 million of the acquisition debt resident in the downstream subsidiaries of USL. This should substantially bring down interest costs on the acquisition debt and enable the Company to plan its capital expenditure to sustain current growth trends.

The Company's leading brands and key markets have contributed significantly to this sales growth; to economically source the ever-growing sales volume, USL has tied up additional manufacturing capacities through new contract manufacturing arrangements wherever its own capacities have been insufficient to meet the demand.

Sales of the Company's overseas subsidiaries viz. Whyte & Mackay, Bouvet Ladubay and Liquidity Inc. have registered good growth in all international markets as also in the Indian market where they have been launched through the USL network. Whyte & Mackay Special, a mid-range Scotch whisky, which was launched into the Indian market a few months ago from local production at the USL facility at Nashik, has since been rolled out nationally to a very favorable response.