

United Spirits raises Rs 905 cr

Finance Bureau
Mumbai, Jun 30

UNITED Spirits Limited (USL), the flagship spirit firm owned by Vijay Mallya, on Tuesday embarked on a major 'de-leveraging exercise' starting with the sale of 10.28 million treasury shares thus raising about Rs 905 crore. The entire proceeds will be applied towards settling the debt pile of Rs 7,500 crore which includes prepayment of the acquisition loan taken towards acquisition of Whyte and Mackay in 2007. Shares of United Spirits closed at Rs 873.05 down 4.8% on the BSE on Tuesday.

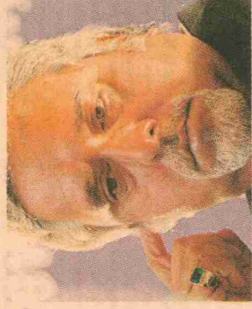
"With this and other accelerated payments already made, the company would have repaid about half of the original loan. In the process, the company will save an estimated Rs 85 crore per annum on interest costs, thus boosting the earnings & EPS", said a company statement. USL has three or four other options to raise additional

Debt settlement

- The entire proceeds of the loan will be applied towards settling the company's debt pile, which stands at Rs 7,500 crore
- With this and other payments, the firm hopes to save an estimated Rs 85 crore per annum on interest costs
- Shaw Wallace will sell its entire 10.27% stake in United Spirits to retire a part of the debt

monies including sale of balance treasury shares (8.35 million), QIP, GDR or placement with private equity funds etc to raise further equity for additional de-leveraging.

United Spirits on Tuesday said Shaw Wallace would sell its entire 10.27% stake in the company to retire a part of the debt. USL in a filing to the Bombay Stock Exchange said, "Due to corporate consideration, Shaw Wallace & Company intends to sell 1,02,82,553 shares, or 10.27% stake, in the open market through the stock exchanges."



United Spirits chairman Vijay Mallya

The filing further stated that, "the proceeds will be utilised to reduce the loan of the company's wholly owned subsidiary". On the basis of Monday's closing price, the deal value comes to Rs 943.37 crore.

In 2005, United Breweries acquired Shaw Wallace & Company, following which it was merged with the group's flagship company USL last year. As of March quarter, Shaw Wallace & Company held 10.27% stake and UB Holdings had 23.84% interest in USL.