UNITED SPIRITS LIMITED

Bangalore
July 29, 2009

PRESS RELEASE

Q1 FY09 (Proforma)*	April - June	Q1 FY10	
21.5	VOLUMES – USL INDIA (Million cases)	25.2	+17%
1067.12	REVENUE (Rs. crore)	1248.06	+17%
208.14	EBIDTA (Rs. crore)	228.25	+10%
115.93	PAT (Rs. Crore)	179.06	+54%

***USL + SWCL – to be comparable to FY10 figures.**

- EBIDTA margin at 18.3% to Net Sales compared to 16% in FY09
- Merger of Shaw Wallace and Primo Distributors completed.

The Board of Directors of United Spirits Limited today approved the results for Q1 of fiscal 2010.

During the quarter, the Company has recorded a 17% growth in volume sales of its brands – coming on top of a 20% growth for the previous fiscal. The emerging trend of new consumers who are entering the market on achieving legal age drives sustained growth in demand. These first time consumers are now entering at mid price points as against low price points, while continuing to exhibit a marked preference for whiskies which is the heart of USL's business. The Q1 FY10 performance comes despite business disruptions in April and May on account of elections, particularly where these were held in phases, which resulted in a substantial number of 'dry' days.

The growth which has resulted in a 20% effective increase in revenues (including sales by Toll Manufacturing Units) is even more heartening in view of the continuing success of the Company's premiumisation drive. The spurt in sales revenue is also representative of the 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.

The improved profitability in Q1 FY10 must be seen in the light of the fact that Q1 of the previous fiscal was a period of low input costs. While spirit costs in Q1 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, the Company has been able to contain overall input costs to within plan levels. Increased availability of molasses during the 2009-10 crushing season, planned initiatives like long-term contracting, switching between alternative feed stock like grain and molasses, etc. have all contributed to the costs being contained. The drop in prices of fuel and the reduction in excise duties have brought about some savings on the packaging cost front. Sharp reduction of Below The Line promotional spending while retaining spending on brands have also helped to control total expenses for the quarter.

With USL's EBIDTA margin at 18.38% of net sales in Q1, (as against a full year average of 16% in FY09) the EBIDTA rose to Rs.228.25 crore against Rs.208.14 crore in the corresponding period of the last fiscal.

The Company has received the approval of the Hon'ble High Courts at Calcutta, Bombay and Karnataka authorizing the merger of Shaw Wallace and Company Limited and Primo Distributors Private Limited with United Spirits Limited. The merger is effective April 1, 2007 and the results approved by the Board at its meeting today, reflect the results of the merged entity. Allotment of USL shares to the shareholders of SWCL and Primo has since been completed.

Interest costs have moved up to Rs.59 crore from Rs.34 crore in the corresponding period last year. The cost of the working capital expansion as also the rise in the Rupee/$ parity are the main reasons for this rise.

As a consequence, PBT before non-recurring items is down from Rs.180 crore in the previous quarter to Rs.159 crore.

As a part of its planned strategy to deleverage the Company of its acquisition debt raised to acquire the Scotch Whisky major Whyte & Mackay, Shaw Wallace & Company Limited sold its stockholding in USL to realize a sum of Rs.891 crore at a profit of Rs.70 crore. This money has been utilized to prepay USD 186 million of the acquisition debt resident in USL. This should substantially bring down interest costs going forward.

PAT post the extraordinary profit of Rs.70 crore from the sale of shares is up at Rs.179 crore from Rs.116 crore in the corresponding period of the previous fiscal.

The Company's 19 millionaire brands have all contributed significantly to the 17% sales volume growth; similarly sales of the Company's overseas subsidiaries viz. Whyte & Mackay, Bouvet Ladubay and Liquidity Inc. while registering good growth in all international markets have all found enthusiastic response in the Indian market where they have been launched through the USL network.