



UNITED SPIRITS LIMITED

Mumbai
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PRESS RELEASE

Q-3 FY10 RESULTS

NET PROFIT UP 217% (by Rs.67 Cr to Rs.97 Cr)

EBIDTA UP 98% (by Rs.115 Cr to Rs.232 Cr)

VOLUMES UP 12% (at 26.5 mio cases)

REVENUES UP 31% (by Rs.318 Cr to Rs.1,358 Cr)

Q3 FY09	October - December	Q3 FY10	
23.6	VOLUMES – USL INDIA (Million cases)	26.5	+12%
1040.2	REVENUE (Rs. crore)	1358.0	+31%
117.3	Operational EBIDTA (Rs. crore)	232.4	+98%
30.6	P A T (Rs. crore)	96.8	+217%

EBIDTA margin at 17.3% of Net Sales for the quarter ended Dec'09 compared to 16.5% for the full year in FY09.

The Board of Directors of United Spirits Limited approved the results for the October-December quarter of fiscal 2010 at their meeting in Mumbai today.

Sales volumes during the current fiscal grew 13% to 74.58 million cases – translating to additional sales of 8.4 million cases during the period. The enhanced volume, the price increases taken during this period on top of the price increases during FY09 have pushed up sales revenues, including sales from our tie-up manufacturing units, by 24% during the same period.

As reported in earlier communications, spirit costs in the current fiscal have seen a quantum step-up from the annual average of FY09. However, except for a spike in May'09, prices

have generally fluctuated in a very narrow band of under a rupee per case. Notably, spirit prices during Q3 of the current year are lower than their peak of Oct-Nov'08 and are only slightly above the Dec'08 figures. Despite the fluctuations in sugar availability and prices, the Company has been able to contain spirit costs through a combination of long-term contracts and alternating between feedstock options like grain and molasses.

As part of the Company's strategy of constantly exploring avenues at improving sales realizations, price increases were effected wherever possible. Additionally, during Nov'09, the Andhra Pradesh Govt. acceded to the long-standing demand of the industry for a price increase. As this increase comes after a substantial period of time it will help mitigate the combined impact of inflationary pressures and increase in cost of goods during that period. The continuing stimulus measures wherein excise duty on key ingredients was reduced has also helped to contain costs and improve margins.

EBIDTA for the quarter shows a 98% increase to Rs.232.4 crore. YTD EBIDTA margin at 17.7% of net sales stands at Rs.650.2 crore compared to Rs.508 crore for the same period last year and Rs.677.8 crore (16.57% of net sales) for the full fiscal year 2009. Interest costs during the period are up at Rs.209 crore (PY Rs.126.5 crore) on account of working capital expansion and Rupee borrowings to prepay part of the foreign currency USD loan contracted for the acquisition of Whyte and Mackay Group.

USL's leading brands and key markets have contributed significantly to the sales growth of 13% during the first nine months of the current fiscal. While some disruptions were caused on account of the trade agitation in Maharashtra and the closure of units/markets in Andhra Pradesh due to the Telengana agitation, both these are now behind us and sales should only improve. Changes to the ordering pattern instituted by the Tamil Nadu Government's monopoly buying agency without reference to consumer off-take with a view to liquidating stocks of brands from new entrants has affected USL and other established players in this key market. It is expected that the ordering pattern will revert to the normal levels during the current quarter.

Whyte & Mackay Special, a mid-range Scotch whisky, is being bottled at USL's facility in Nashik and has been received very favorably by the markets in which it is being rolled out.

Despite recessionary conditions, the Company's overseas subsidiaries – Whyte & Mackay, Bouvet Ladubay and Liquidity Inc. – have all reported stable performance in the markets in which they operate.

During the quarter USL acquired 100% of the share capital of Tern Distilleries Pvt. Ltd. (TERN) a distillery company with a manufacturing facility in Visakhapatnam Dist. of Andhra Pradesh. TERN has an active secondary distillation facility and a currently inactive primary distillation facility which is to be reactivated shortly. The acquisition, coupled with the capital investment proposed in TERN will help to correct USL's current demand-supply imbalances in the Telengana-Rayalaseema-Coastal Andhra regions of the State leading to future benefits in overall logistics costs. USL proposes to soon initiate the process of obtaining shareholder and other approvals to merge TERN into itself.