

April 27, 2009

PRESS RELEASE

Q 4			April – March	
FY09	FY08		FY09	FY08
22.1	17.9	VOLUMES – USL INDIA Million cases	88.3	73.9
908	759	REVENUES (Rs.Cr.)	3,848	3,173
160	138	EBIDTA (Rs.Cr.)	668	628

At a Board Meeting in Mumbai today the Board of Directors of United Spirits Limited approved the results for the Jan – Mar quarter together with unaudited results for the fiscal year 2009.

Demand for the Company's products continues to be buoyant with a 24% growth in Q4 and a 20% growth for the fiscal year, bucking the slowdown witnessed in other industries. Sales of USL and its subsidiaries for fiscal 2009 were over 90 million cases, an addition of 15 million cases over the 75 million cases recorded last fiscal. The additional volume sold by USL this fiscal is more than the volume that any of USL's Indian competitors sells in a full year. This growth is even more heartening given the 2.7% growth shown by the top 100 spirits brands in the world and the 1.5% shown by the top 100 premium spirits brands in 2008.

The drop in the sugarcane acreage coupled with the stand-off between the mills and the farmers had delayed the start of crushing operations by a couple of months, to end-November 2008. Contrary to normal practice, crushing stopped end-February, a month earlier than usual. As a consequence, while Molasses prices rose sharply in Q3, they came off their highs in Q4 registering a drop of nearly 15% in the first 2 months of Q4 before

settling at about 11% lower than Q3, in March'09. In view of the restricted availability of molasses with the sugar mills, prices are expected to remain firm till the commencement of the next crushing season in Oct'09.

While the drop in prices of fuel and the reduction in excise duties have brought about some savings on the packaging cost front, these are not truly reflective of the drop in fuel prices.

USL regained an EBIDTA margin of 18% of sales in Q4, after registering a one-off decline in Q3. Overall for the year, EBIDTA rose to Rs.668 crore as against Rs.628 crore in the previous year.

Interest costs are up by Rs. 54 crore to Rs. 183 crore on account of three factors – a rise in overall working capital expansion to fund the growth, a spurt in the interest rates at various points in the fiscal year, as also a rise in the exchange rate vis a vis the US Dollar.

As a consequence, PBT is down 4% from Rs.485 crore last year to Rs.464 crore in the current fiscal. On the same count, Profit after Tax is also down 5% from Rs.311 crore to Rs.297 crore.

The Company's top brands have contributed significantly to the 20% sales volume growth recorded in fiscal 2009. Signature Whisky, the Premium Whisky offering entered the coveted Millionaires Club, having recorded a 27% growth to sell over a million cases this fiscal. Blue Riband – for long the touchstone for Gin in India – also entered the Millionaires Club this year.

19 brands in USL's portfolio are members of the Spirits Millionaires Club – a hallowed group of brands that sell over a million cases of 9 liters each annually. McDowell's No.1, the largest umbrella spirits brand in the world sold over 31.5 million cases in the fiscal just ended which represents a 15% growth over the previous year. McDowell's No.1 Celebration Rum at over 10 million cases is now the world's 3rd largest rum growing in excess of 24% at

a time when other rum brands in the top 100 have either degrown or at best registered only marginal single-digit growth. The third flavor under the McDowell's No.1 umbrella – the brandy continues at its perch of the world's largest selling brandy.

During Q4, USL has introduced yet another brand from the stables of its Scottish subsidiary, Whyte & Mackay, this time on a Bottled in India (BII) basis. Produced at its Nashik facility and launched in select metro markets, this brand in the regular Scotch segment has received an enthusiastic response from consumers. Another introduction, Romanov Red Vodka in the prestige segment, has got off to a rousing launch with sales of just under a lakh of cases in the year of launch. As part of a concerted strategy to keep them contemporary as also to offer consumers an enhanced experience, USL brands are constantly being revamped both in terms of their livery and blends. Two key brands – Royal Challenge and No.1 McDowell's - were revamped this year and the new offerings are being rolled out nationally.

With the aim of faster market servicing and to save on the costs of inter-state trade, USL constantly monitors its sourcing map and has quickly created localized sourcing points, if necessary by sourcing additional 3rd party capacities – today USL's products are sourced to stringent quality norms from 74 manufactories across the country resulting in 94% of its products being produced and sold within the same state.

Sales of the Company's overseas subsidiaries viz. Whyte & Mackay, Bouvet Ladubay and Liquidity Inc. are registering good growths in the international scenario – select products from all these companies have also been introduced in India through the USL network.
