


**Scrip Scan**

	Shaw Wallace	United Spirits
BSE Code	: 501379	532432
NSE Code	: SHAWALLACE	MCDOWELL-N
Reuters Code	: SHAW.BO	MCDO.BO
Bloomberg	: SHAW@IN	UNSP@IN
52 Wk H/L	: 200.00/92.00	1295.00/362.00
Par Value	: Rs. 10	Rs. 10
Book Value (Mar'06)	: Rs. 23.60	Rs. 144.70
Equity	: Rs. 480.10mn	Rs. 944.80mn
Market Cap	: Rs. 9300.00mn	Rs.100560mn

**Shaw Wallace & Co Ltd**
**Share Holding Pattern as on  
31/03/2007**

	% Holding
Promoters	75.00
FII	1.90
Total Institutions	3.36
Corporate Holding	5.70
Public & Others	14.04
<b>Total</b>	<b>100.00</b>

**United Spirits Ltd**
**Share Holding Pattern as on  
31/03/2007**

	% Holding
Promoters	38.77
FII	29.56
Total Institutions	1.98
Corporate Holding	15.56
Public & Others	14.13
<b>Total</b>	<b>100.00</b>

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**Key Triggers**

- THE United Breweries group is poised to merge entire spirits businesses, including recently acquired Shaw Wallace & Co (SWC), under the banner of United Spirits.
- The market is expecting a swap ratio of 1:3, meaning one share of United Spirits for three shares held in SWC based on the current market price. SWC is quoted at 13 times while United Spirits is trading at 37 times its FY'07 EPS.
- The move is aimed at consolidation in the group's liquor businesses and unlocking value through the induction of a foreign partner. This merger will perhaps the last leg of the consolidation exercise the new management started with the acquisition of SWC two years ago with a view to command a formidable position in the worldwide liquor business. The group has a portfolio of staggering 140 brands. The UB group is the second largest spirit marketer in the world.
- At the time of acquisition of SWC in March 2005, UB Group chairman Mr Vijay Mallya had said that they would look at unlocking shareholder value through merging group's spirits business in about 2 years.
- In this direction, McDowel & Co and few other distilleries have been merged to form United Spirits. The next logical step in this could be merger of SWC with United Spirits. The trading volumes in SWC have been on the rise since last couple of weeks accompanying price rise.
- The merger ratio may be favourable to the shareholders of SWC large tangible and intangible assets of the company, The company has a very strong brand name and large real estate holdings acquired decades ago. The new promoters hold majority stake in SWC.

**Income Statement**
**(Rs.mn)**

Particulars	Shaw Wallace		United Spirits	
	FY07A	FY06A	FY07A	FY06A
Sales	1402.6	1155.2	27119.4	20478.7
Other Income	898.7	1778.6	3187	489.8
Total Revenues	2301.3	2933.8	30306.4	20968.5
% Change YOY	-21.56%		44.53	
Total Operating Expenditures	1424.7	1994.1	22736	18381
EBIDTA	876.6	939.7	7570.4	2587.5
% Change YOY	-6.71%		192.58	
EBIDTA Margin (%)	62.50%	81.35%	27.92	12.64%
Interest & Finance cost	62.7	39.4	1030.9	1666.3
Dep. & Amortisation	15.3	14	311.1	409
PBT	798.6	886.3	6228.4	512.2
PAT	697.5	468.5	4974.9	420.2
Adjustments		1151.5	-2140	
Ad. Net Profit	697.5	-683	2834.9	420.2
% Change YOY			574.65%	
Net Profit Margin (%)	49.71%	-59.13%	10.45%	2.05%
Equity capital	480.1	480.1	944.8	604.7
EPS (Rs)	14.53	-14.22	30	6.95