UB GROUP

UNITED SPIRITS

July 22, 2010

Bangalore Stock Exchange Limited
No. 51, Stock Exchange Towers,
1st Cross, J.C. Road,
Bangalore – 560 027

Dear Sirs,

This is to inform you that an Investor/Analyst Meet has been called today. We are sending herewith a copy of Presentation pertaining to the Company to be made at the aforesaid meet, for your information.

Thanking you,

Yours faithfully,
For UNITED SPIRITS LIMITED

V. S. VENKATARAMAN
COMPANY SECRETARY

encl: as above

cc: (i) Bombay Stock Exchange Limited
(Regular office and Corporate Relations Dept. Scrip Code - 532432) and

(ii) National Stock Exchange of India Limited

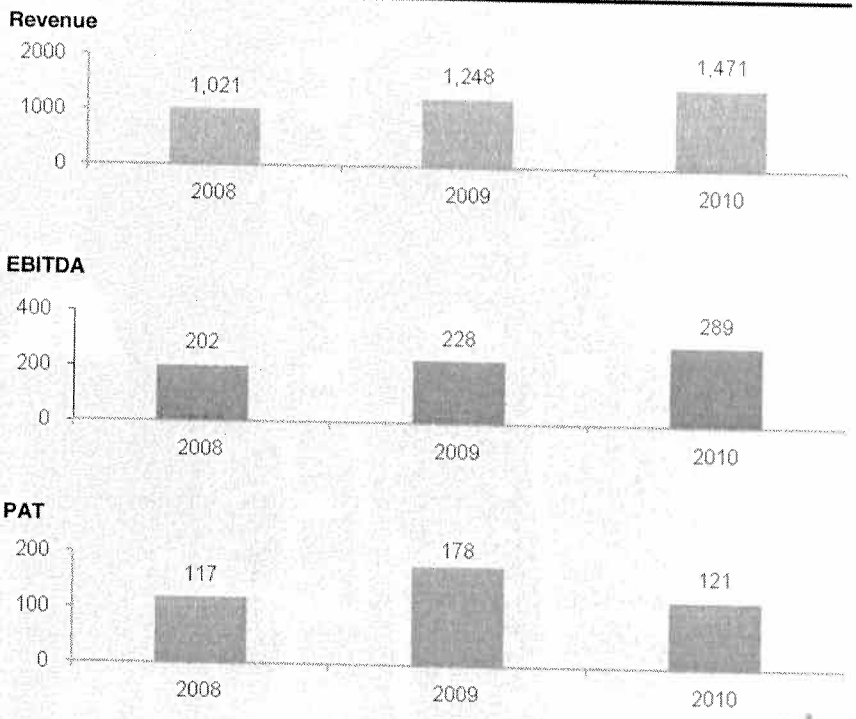
United Spirits: Overview

Business Overview

- Largest spirits company in India – 20 'Millionaire' brands (those that sell more than 1 MM cases p.a.) with a market share in excess of 55% in first line brands
- USL sold 100 MM cases during FY 2010 to become the 2nd largest spirits marketer in the world. Growing at robust double digit rates
- Several of USL's brands occupy leading market positions in India and globally
  - McDowell No. 1 family is the largest spirits brand in the world with sales of over 35 MM cases in FY 2010 across 3 flavors (Whisky, Brandy and Rum)
  - McDowell's No. 1 Brandy continues to be the largest selling brandy in the world
  - McDowell's No. 1 Celebration Rum is the 3rd largest rum with sales over 12 MM cases in FY 2010
- Bagpiper Whisky is world's largest selling spirits brand with sales of over 16 MM cases during FY 2010

At the current growth rate of 12% pa, USL is poised to become the No.1 Sprits company within the current fiscal

Financial Snapshot – Q1 (INR Crs)



USL Financials: Q1 Update

Volume

- Volume growth at 6% overall and 15% without AP
- Volumes at 26.7 Mio cases Q1 FY 11 compared to 25.6 Mio cases in Q1 FY10
- Low volume growth mainly on account of de-growth of 30% in Andhra Pradesh (due to license renewal at retailers level) which accounts for almost 19% of total revenue. Post renewal, July has witnessed extremely strong growth.

Sales

- Sales value growth at 18%. Adjusted Sales value growth at 11% in Q1 FY11 vs.6 % in Q1 FY10
- Sales value grew at Rs. 1463 Crs. in Q1 FY11 Vs. Rs. 1242 Crs. In Q1FY10

Key Brand Performance	
Scotch	39%
Signature	21%
Antiquity	20%
Directors Special Black	41%
No. 1 Brandy	29%
No. 1 Rum	19%
Green Label	20%

USL Financials: Q1 Update

Profitability

- EBITDA of Rs. 289 Crs. in Q1FY11 Vs. Rs 228 Crs in Q1 FY10. EBITDA growth - 26.5%.
- **EBITDA margin at 19.75% in Q1 FY11 compared to 18.83% in Q1FY10**
- Operational PBT (*excluding exceptional income*) grew 12% to Rs. 182 Crs. in Q1 FY11 Vs. Rs. 163 Crs in Q1 FY10
- Adjusted PAT at Rs. 121 Crs. in Q1 FY11 vs. 108 Crs. in Q1 FY10

Cost trends

- ENA cost at Rs 143 per Case during Q1 FY 2011, expected to remain at the current levels during Q2 and expected to go down once fresh supplies come in
- Glass prices expected to go up by around 7% from August 2010
- Adjusted A&SP(*regrouped for tie up units*)expenditure is Rs. 107 Crs which is approximately 7.3% of net sales.
- Staff cost at Rs. 77 Crs. in Q1 FY11Vs. Rs. 68 Crs. in Q1 FY10. Remains constant at 5.2% of net sales

United Spirits: Financials & Debt Profile

Financials

in INR Crs	Q1 FY2011	Q1 FY2010	Growth
Revenues	1471	1248	18%
Gross profit	672	530	27%
EBITDA	289	228	27%
Operational PBT	182	163	12%
PAT	121	177	-

Debt Profile

in INR Crs	Jun-10	Mar-10
Capex Loans/ Term Loans	441	614
Working Capital/ Unsecured Loans	1,726	1,408
Term Loans : Acquisition of W & M	1,284	1,284
Sub -Total	**3,451**	**3,306**
W & M Acquisition Loan - Without recourse	2,231	2,186
Total Gross Debt	**5,682**	**5,492**
Cash & Bank Balance	469	750
Total Net Debt	**5,213**	**4,742**

Value of 8.4 mio treasury stock amounts to about Rs. 1169 Crs.

United Spirits: Strategy Going Forward

Continued Focus from Previous Business Plan

- Value Growth to lead Volume Growth
  - Focus on Premiumization by enhancing salience of prestige + segments
- Focus on improving ROCE to 'Best in Class' FMCG companies in India
- ATL investments to be enhanced to support core brands
- Take appropriate price increases to offset any cost push
- BTL as a % of NSR to be controlled

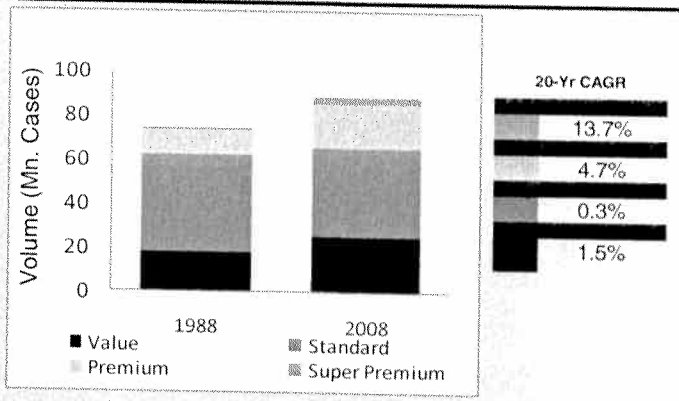
Additional Focus in Current Business Plan

- Planned investment of about Rs. 1100 Crs over the next 3 years to build additional primarily distillation , increased bottling capacity and malt spirit production facility
- Introduce new brands in the premium segment, increase presence in the scotch segment across various price points & introduce W&M brands
- Leverage Whyte & Mackay expertise
  - Extend Whyte & Mackay brands in India
  - Leverage blend & packaging expertise for new product development in India

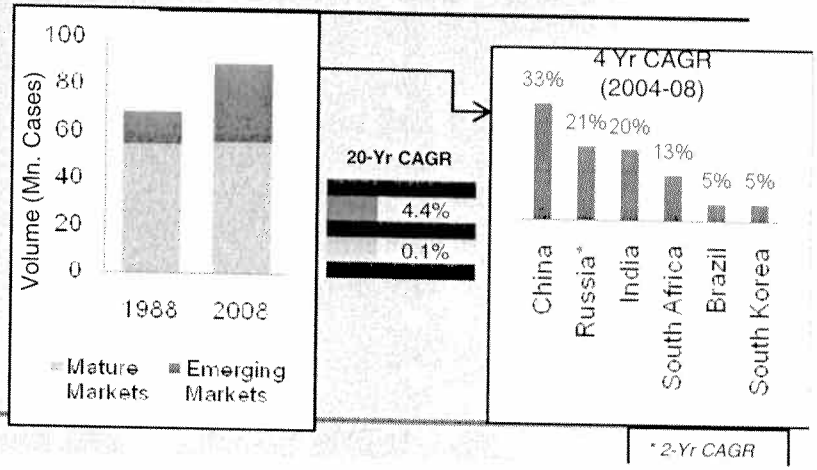
Global Scotch Whisky market has seen resilient growth with strong support coming from large emerging markets

- Global Scotch whisky market is growing at a value CAGR of about 7% (2004-09) which is significantly higher than volume CAGR of about 2%.
  - W&M's average branded business realization for relevant vintage is 4 to 4.5 times that of bulk business
- Clear premiumization trend in Scotch with premium scotch segments growing at a faster pace than standard/value scotch segment.
  - Single Malt whisky segment has grown significantly higher than blended scotch whisky with a volume CAGR of about 6%.
  - Increased preference for higher vintage scotch and single malt whiskies.
- Sustained growth in large emerging markets of China, India, Russia, Brazil, and South Korea over the last decade.

Premiumization trend in scotch whisky segment



Growth trend in emerging markets



Whyte & Mackay's strategic intent has been to become a branded scotch whisky player

W&M has a salient position in the global scotch whisky market

- W&M is among the top 5 scotch whisky players globally.
  - Produces 8% of global scotch whisky consumption.
- W&M has a portfolio of heritage brands across the spectrum.
  - Single Malts: Dalmore, Isle of Jura.
  - Blended Scotch : Whyte & Mackay, John Barr, Claymore
- W&M has been recognized in the international arena for its strengths.
  - **Won the 'Global Distiller of the Year' recognition in 2009 at the International Wine & Spirits competition.**
  - **Whyte & Mackay 30 year old was named "Best Whisky in the World 2009"**
  - **Dalmore – Oculus sets a new record at auction with a sale value of GBP 37,000**

Post the acquisition, W&M has enhanced its focus on the branded business.

- Strengthened route to market
  - Completed transition to own setup in UK, revamped import & distribution in US.
  - Established new importer / distributor tie ups in China, Taiwan, South Korea, Middle East and South Africa.
  - Enhanced coverage of Duty Free channel from 5 to 30 key locations.
  - Increased distribution of scotch brands in India by 40%
- Enhanced brand positioning
  - Launch of premium variants in Dalmore. (Gran Reserva, King Alexander, 40 & 50 YO variants), Jura and W&M.
  - Premiumized packaging for key brands E.g. Dalmore
- Increased malt capacity to support branded business requirements. (reopened Tamnavulin malt distillery)

Since acquisition, the focus of the business has been to create a sustainable growth platform for the future.

Focus areas of the business

- Strengthen the branded business
  - Improve profitability
  - Increase depth of the market-brand portfolio against width.
- Grow underlying business (net of bulk scotch) and profit
- Reduce share of commodity bulk sale business
- Enhance operational efficiency



3 year performance summary

- Ended FY2009-10 at an EBITDA of GBP 58 Mn.
- Net of Diageo contract, EBITDA has grown at a CAGR of 9% since acquisition.
- Bottled business contribution has grown at a CAGR of 20% over the 2006-07 to 2009-10 period.
- Planned decline of bulk business (net of Diageo contract and USL requirement) by 28% CAGR since acquisition.
- Built a more profitable & focused branded business.
  - Improved contribution of branded business from 44% to 50% of sales
  - Increased focus has meant that 80% of contribution now comes from 17 brands / market combination compared to 31 earlier
- Overheads have largely remained flat. (Planned redundancy has helped contain any overhead increase)

Going forward, W&M's primary focus would be to expand its share of the global branded scotch whisky market

Strategic focus

Plan

Premiumize branded scotch sales

- Enhance share of premium end of scotch whisky through single malts and high end blended scotch rare editions.
  - Target of 25% growth in single malts over next 3 years through Dalmore and Jura
  - Leverage vintage scotch inventory to introduce high end rare editions.
    - E.g. W&M 30 YO named 'Best Whisky in the World 2009'

Tap India growth potential

- Consolidate position in the Indian scotch market.
  - Market growth of 20% over last 4-5 years. However, strong latent demand still exists for Scotch whisky in India.
    - Highest association with premium need spaces of Status and Discernment.(USL Consumer Need scope study)
    - Current entry level retail price of USD 20 per bottle high due to 150% import levy. 99% of Indian spirits market at a < USD 10 price point.
  - Ended 2009-10 with about 150,000 cases sale at a share of about 15%. Up from <10% 2 years back.
    - Launched W&M special, W&M 13 and Black Dog variants over the last 2 years.
  - Target to reach 20% market share with 275,000 case sales at a 35% CAGR over next 2 years.
  - To straddle all scotch sub-segments using W&M portfolio. Launch of Value scotch brand as well as high vintage variants planned.
  - Further increase scotch distribution to 25000 retail outlets from current 15000 spread.

"Future growth prospects for blended scotch industry increasingly rests on two markets : India & China"

- IWSR

Going forward, W&M's primary focus would be to expand its share of the global branded scotch whisky market (cont…)

Strategic focus	Plan
Tap growth in other emerging markets	❑ Increase presence in key emerging markets. Reduce UK share of branded business from 45% to less than 30% over next 3 years. ○ China (60%+ 8Y CAGR) and Russia (20% 8Y CAGR) – key focus markets.
Judiciously position private label and bulk business	❑ Tap opportunities in private label in key markets of Europe ○ Build presence in key markets of Western Europe. E.g. Germany, Spain. 70% of current W&M private label business in UK. ❑ Bulk scotch supplies to be focused on servicing growth in India.

W&M Guidance

- As a result of the deliberate downplay in bulk and focus on branded business, the net sales in FY 2011 will be GBP 110 Mio.

- The EBITDA for FY 2011 would be about GBP 33 Mio. This level and trend of EBITDA would be adequate to meet debt servicing and Capex until May 2012.

- The fundamental shift in strategy, which creates long term value accretion to shareholders and a sustainable business model will generate an annual EBITDA of GBP 60 Mio in 5 years time.

- The company has received several expressions of interest to refinance the debt.

USL Consolidated

- The new business model of WM will still provide an accretive EPS at USL consolidated level.