

Chairman's Statement

Dear Friends,

It is truly a proud moment for us to meet after a year of fantastic achievements. The sale of a 100 million cases during a single year reflects the strength and vitality of our company's products and brands.

The fact that this milestone has been possible in an intensely competitive environment with all major global brewers fiercely competing for a slice of the pie makes it all the more creditable. You will appreciate the achievements of the year even more, in the knowledge that our company has clocked a growth of 20% over the previous year, in an industry that grew only 10%.

As I have mentioned before, a young and vibrant population growing steadily, broadly referred to as the "Demographic Dividend" has ensured a loyal base for the growth of our company and indicates sustainability of this growth momentum for many years to come. To take advantage of the opportunities in this fast evolving market place, UB has introduced a slew of new products, which met with resounding success. Principal among these has been the spectacular success of Kingfisher Ultra, a super premium product that is being introduced in a calibrated fashion across the country. A premium price product, Kingfisher Ultra has a very international look and feel, while the product itself scores very highly with discerning consumers. The company is confident of repeating the success in launch markets across the country.

Another successful addition to the Kingfisher family has been "Kingfisher Red", an all season beer, which can be consumed at higher temperatures while still delivering the well acknowledged taste of Kingfisher.

The signing of the Shareholders Agreement with Heineken cements a comprehensive business partnership, which will include, among other things, the production and sale of the internationally acclaimed Heineken beer in India through United Breweries. The Company will also work with Heineken to substantially increase the global distribution footprint of Kingfisher by leveraging on Heineken's distribution infrastructure. The Indian manufacturing facilities owned by the Heineken Group are now available to augment supplies of the company's brands in a fast growing environment.

I am particularly proud of the fact that our company has won the prestigious award for being the Best Water Conserver instituted by Water Digest and supported by UNESCO as well as the Government of India agencies. I am personally a great believer in the need to conserve natural resources and to operate the UB companies in a sustainable fashion, which is good for both shareholders as well as other stake holders and the planet itself. United Breweries has instituted a "Conserve, Connect and Conquer" program through which the company conserves every possible resource, connects with local communities and conquers through empowerment. These initiatives are not only helpful to society but enable the company to achieve reduction in cost through lower usage of water, savings in energy cost through solid fuel and bio mass boilers, but also improves the productivity of people through improved reduction and health care in the communities that we operate.



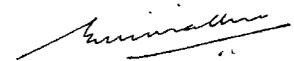
Chairman's Statement (contd.)

Catering to the buoyant demand in an industry growing at a double digit rate requires production facilities to keep pace. The company has in place, a comprehensive manufacturing plan, which proposes investment both in augmenting capacity at existing breweries and setting up of green fields as appropriate. During the year, a 600,000 Hectolitre brewery has become operational in the state of Andhra Pradesh. It has been built to exacting international standards reflecting the company commitment to both efficient manufacturing processes as well as concern for the environment. It is proposed to set up a new state-of-the-art brewery in Karnataka and land for the same has been acquired in Nanjangud through KIADB. Construction will commence expeditiously.

As always, United Breweries continues to be in the forefront of the consumers mind. Kingfisher is one of the most recognized brands at the phenomenally successful IPL as also on the Ultra Glamorous Formula One circuit. City based events such as the Mumbai Marathon, the Delhi Half Marathon and the Bangalore 10K are all proud of their association with Kingfisher as are fashion events in Kolkata, Chennai and Bangalore.

You will appreciate from the foregoing that the company has adopted a comprehensive approach, keeping in mind the needs of the consumer aspirations, employee welfare and sustainable practices to ensure that our products stay consistently ahead of market growth and this is achieved in a consistently profitable manner. The first quarter of the current financial year has seen an accelerated growth trajectory with the company recording volume growth of over 32% and a more than doubling of profits. While the first quarter is traditionally United Breweries strongest quarter on account of the warm summer months and therefore not truly representative of the full year performance, I have every reason to be optimistic about the company's future, barring of course any unexpected regulatory road blocks.

None of the above would have been possible without the enthusiastic efforts of all our employees. Our Board today is a blend of Indian and International experience and I thank all of our Directors for the vision and wisdom with which they have conducted the deliberation of the Board. Our customers are of course foremost in our mind in everything we do but it would also be appropriate for me to place on record my thanks to the suppliers who have helped us keep pace with the scorching growth, so also our bankers, and other financial partners. Finally my heartfelt thanks to all of you, my fellow shareholders.



VIJAY MALLYA
CHAIRMAN

