LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer is sent to you as a shareholder of **United Breweries Limited**. If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager/Registrar to the Offer. In case you have sold your Shares, please hand over this Letter of Offer, the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

CASH OFFER AT Rs. 575/- (FIVE HUNDRED AND SEVENTY FIVE) PER FULLY PAID-UP EQUITY SHARE OF Rs. 10 (RUPEES TEN ONLY)

Pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto

TO ACQUIRE

4,320,025 fully Paid-up Equity Shares of face value Rs. 10/- each,
representing 20% of total voting capital (being 21,600,125 Shares) as at the end of 15 days after the Open Offer closure

OF

United Breweries Limited

having its registered office at

UB Anchorage 100/1, Richmond Road, Bangalore - 560 025
Tel: +91 80 2227 2806/2227 2807 Fax: +91 80 2212 7212/+91 80 2222 9488

BY

Scottish & Newcastle India Limited

having its registered office at

Ashby House, 1 Bridge Street, Staines, England
Tel: +44 131 528 2104 Fax: +44 131 528 2310

ALONG WITH PERSONS ACTING IN CONCERT

Scottish & Newcastle plc.
having its registered office at
33 Ellersly Road,
Edinburgh, EH12 6HX, Scotland
Tel: +44 131 528 2000 Fax: +44 131 528 2324

Scottish & Newcastle India Private Limited
having its registered office at
46, Mulji Jetha Building, 2nd Floor,
187 Princess Street, Mumbai 400002
Tel: +91 22 2200 1747 Fax: +91 22 2200 1652

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
DSP Merrill Lynch **DSP Merrill Lynch Limited** 10th Floor, Mafatlal Center, Nariman Point Mumbai 400 021 Tel: +91 22 56328000 Fax: +91 22 22048518 Email: ubl_openoffer@ml.com Contact Person: **Mr.Nitin Nayak**	KARVY **Karvy Computershare Private Limited** 46, Avenue 4, Street No 1, Banjara Hills Hyderabad 500 034 Tel: +91 40 23312454 Fax: +91 40 23311968 Email: murali@karvy.com Contact Person: **Mr. Murali Krishna**
OFFER OPENS ON: MONDAY, FEBRUARY 07, 2005	**OFFER CLOSES ON: SATURDAY, FEBRUARY 26, 2005**

ATTENTION

a) The Preferential Issue has been approved by the shareholders of United Breweries Limited in terms of Section 81(1A) of the Companies Act, 1956 and Regulation 23(1)(b) of the SEBI (SAST) Regulations in an Extraordinary General Meeting held on January 20, 2005.

b) The Offer is subject to the receipt of approval from (i) the Foreign Investment Promotion Board ("FIPB") and (ii) the Reserve Bank of India ("RBI") for the acquisition of Shares by the Acquirer under the Preferential Issue and the Offer, in terms of the Foreign Exchange Management Act, 1999 ("FEMA").

c) Besides the above approvals from the FIPB and the RBI, no other statutory approvals are required to acquire the Shares tendered pursuant to the Offer. The Acquirer will not proceed with the Offer in the event that any statutory approval that is required (i.e., the approvals from the FIPB and the RBI) is not obtained in terms of Regulation 27 of the SEBI (SAST) Regulations.

d) In case of delay in the receipt of any statutory approval(s), SEBI has the power to grant extension of time to the Acquirer for payment of consideration to shareholders who have validly tendered their Shares, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of wilful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

e) If there is any upward revision in the Offer Price by the Acquirer prior to or on the last date for revising the Offer Price viz., Wednesday, February 16, 2005, or if the Offer is withdrawn, you will be informed by way of another public announcement in the same newspapers where the Public Announcement had appeared. The Acquirer would pay such revised price for all the Shares validly tendered at any time during the Offer and accepted under the Offer.

f) Shareholders who have accepted the Offer by tendering the requisite documents in terms of this Letter of Offer shall have the option to withdraw acceptance tendered by them up to Tuesday, February 22, 2005 , i.e., three (3) working days prior to the date of closure of the Offer viz. Saturday, February 26, 2005.

g) As on the last date for a competitive bid i.e. January 13, 2005, there had been no competitive bid.

h) As the Offer Price cannot be revised during the seven (7) working days prior to the closing date/ bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

i) The Public Announcement and this Letter of Offer, Form of Acceptance and Form of Withdrawal would also be available on SEBI's website (www.sebi.gov.in) from the Offer opening date viz. Monday, February 7, 2005.

j) The Form of Acceptance and Form of Withdrawal are enclosed with this Letter of Offer.

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Latest Date	Day of Week
Public Announcement Date	December 23, 2004	Thursday
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer will be posted)	January 21, 2005	Friday
Last date for a competitive bid	January 13, 2005	Thursday
Date by which Letter of Offer will be dispatched to shareholders	January 31, 2005	Monday
Date of opening of the Offer	February 7, 2005	Monday
Last date for revising the Offer Price	February 16, 2005	Wednesday
Last date for withdrawing acceptance from the Offer	February 22, 2005	Tuesday
Last date of closure of the Offer	February 26, 2005	Saturday
Date of communicating rejection/ acceptance and payment of consideration for accepted Shares	March 8, 2005	Tuesday

RISK FACTORS

i. Acceptance of the Shares tendered in the Offer is subject to receipt of the approval of the FIPB and the RBI. In the event that neither the FIPB nor the RBI grant approval, the Offer would stand withdrawn in terms of the SEBI (SAST) Regulations. For further details, see Section 7 of this Letter of Offer.

ii. In the event that either (a) a regulatory approval is not received in a timely manner, (b) there is any litigation leading to stay on the Offer, or (c) SEBI instructs the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of UBL whose Shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer may be delayed.

iii. The Acquirer is an investment company in the S&N Group and has not had active operations during the last three years. SNIPL, a person acting in concert with the Acquirer, has incurred losses in the years ended March 31, 2003 and March 31, 2004.

iv. The Acquirer intends to subscribe to 3,779,522 Shares of UBL at a price of Rs. 575/- per Share. Consequently, it is required to make an Offer for 20% (being 4,320,025 Shares) of the Post Issue Equity Capital of UBL (being 21,600,125 Shares) under the SEBI (SAST) Regulations. Further, the Shares tendered in the Offer will lie to the credit of a designated escrow account, till the completion of the Offer formalities. Accordingly, the Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.

v. The Acquirer makes no assurance with respect to the financial performance of UBL or any of its subsidiaries. The Acquirer makes no assurance with respect to its investment/divestment decisions relating to its proposed shareholding in UBL.

The risk factors set forth above pertain to the Offer and not in relation to the present or future business or operations of UBL or its subsidiaries or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of United Breweries Limited are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

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1. DEFINITIONS

Acquirer	Scottish Newcastle India Limited, also referred to herein as SNIL
Agreements	The Subscription Agreement, the Shareholders' Agreement and the Framework Agreement, each executed on December 19, 2004
ASE	Ahmedabad Stock Exchange
BgSE	Bangalore Stock Exchange
Bn	Billion or 100 Crores or 1,000 million or 10,000 lacs
BSE	The Stock Exchange, Mumbai
CDSL	Central Depository Services Limited
CoSE	Cochin Stock Exchange
CSE	Calcutta Stock Exchange
DP	Depository Participant
DSE	Delhi Stock Exchange
DSPML	DSP Merrill Lynch Limited
Eligible Person(s) for the Offer	All owners (registered or unregistered) of Shares of United Breweries Limited (other than Acquirer, the parties to the Subscription Agreement and the VJM Group) any time before the Closure of the Offer
FEMA	Foreign Exchange Management Act, 1999
FIPB	Foreign Investment Board of India
Form of Acceptance	Form of Acceptance cum Acknowledgement
Framework Agreement	Framework Agreement executed on December 19, 2004 by and between SNIPL, UBL, VJM Group, UBHL, Scottish Courage Limited, S&N and SNIL
GBP	The United Kingdom Pound, the legal currency of the United Kingdom
HSE	Hyderabad Stock Exchange
Letter of Offer	Offer Document
LSE	Ludhiana Stock Exchange
Manager/ Manager to the Offer	DSP Merrill Lynch Limited
Mn	Million or 10 Lacs
MSE	Madras Stock Exchange
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
Offer	Open offer for acquisition of 4,320,025 fully paid-up equity shares of face value of Rs. 10/- each, representing 20% of Post Issue Equity Capital of UBL at a price of Rs. 575/- per fully paid-up equity share
Offer Price	Rs. 575/- (Rupees Five Hundred and Seventy Five only) per fully paid-up equity share of Rs. 10/-
PAC	Person acting in concert
Post Issue Equity Capital	Voting share capital after the Preferential Issue consisting of 21,600,125 shares, which shall also be the total voting capital as at the end of 15 days after the Open Offer closure
Preference Shares	Either of Series A Preference Shares or Series B Preference Shares issued to SNIL pursuant to the Subscription Agreement
Preferential Issue	Issuance and allotment by the Company of 3,779,522 Shares on a preferential allotment basis to SNIL at a price of Rs. 575/- (Rupees Five Hundred and Seventy Five only) per Share
Promoter	Dr. Vijay Mallya
Promoter Group	Collectively Dr. Vijay Mallya, United Breweries (Holdings) Limited, McDowell & Company Limited, Mallya Private Limited, Kamsco Industries Private Limited, The Gem Investment and Trading Company Private Limited, Devi Investments Private Limited, Pharma Trading Company Private Limited, Vittal Investments Private Limited, Aventis Pharma Limited and Herbertsons Limited.

Public Announcement/ PA	Announcement of the Offer made by the Acquirer on December 23, 2004
RBI	Reserve Bank of India
Registrar/ Registrar to Offer	Karvy Computershare Private Limited
ROCPS	Redeemable Optionally Convertible Preference Shares issued by UBL by way of a rights offer during September - November 2004
S&N	Scottish & Newcastle plc, a PAC with SNIL
S&N Group	S&N, its subsidiaries, its holding companies and any subsidiaries of such holding companies, in each case from time to time
S&N Shareholders	SNIL, SNIPL and any member of the S&N Group which holds shares or securities from time to time in UBL and, as the case may be, their permitted assigns in accordance with the terms of the Shareholders' Agreement
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
Series A Preference Shares	17,283,000, 3% cumulative redeemable preference shares of Rs.100 each in the share capital of UBL redeemable between March 31, 2011 and 2015 as per the terms set out in the Subscription Agreement
Series B Preference Shares	7,407,000, 3% cumulative redeemable preference shares of Rs.100 each in the share capital of UBL redeemable on March 31, 2015 as per the terms set out in the Subscription Agreement
Share(s)	Fully paid-up equity shares of face value of Rs. 10/- each of UBL
Shareholders' Agreement	Shareholders' Agreement executed on December 19, 2004 by and between VJM Group, SNIL, SNIPL and S&N and UBL,
SNIL	Scottish Newcastle India Limited, also referred to herein as the Acquirer
SNIPL	Scottish & Newcastle India Private Limited, a PAC with SNIL
Specified Date	January 21, 2005
Subscription Agreement	Subscription Agreement executed on December 19, 2004 by and between UBL, SNIL and S&N with respect to the Preferential Issue
Target Company/ Company	United Breweries Limited
UBHL	United Breweries (Holdings) Limited
UBL	United Breweries Limited
VJM Group	Collectively Dr. Vijay Mallya, United Breweries (Holdings) Limited, McDowell & Company Limited, Mallya Private Limited, Kamsco Industries Private Limited, The Gem Investment and Trading Company Private Limited, Devi Investments Private Limited, Pharma Trading Company Private Limited and Vittal Investments Private Limited and each person connected with such persons (as defined in the Framework Agreement)
VJM PACs	Collectively United Breweries (Holdings) Limited, McDowell & Company Limited, Mallya Private Limited, Kamsco Industries Private Limited, The Gem Investment and Trading Company Private Limited, Devi Investments Private Limited, Pharma Trading Company Private Limited and Vittal Investments Private Limited
VJM Shareholders	Any member of the VJM Group which holds shares or securities from time to time in UBL and, as the case may be, their permitted assigns in accordance with the terms of the Shareholders' Agreement. As on the date of signing of the Agreements, shares or securities in UBL were held by Dr. Vijay Mallya, United Breweries (Holdings) Limited, McDowell & Company Limited, Mallya Private Limited, Kamsco Industries Private Limited, The Gem Investment and Trading Company Private Limited, Devi Investments Private Limited, Pharma Trading Company Private Limited and Vittal Investments Private Limited and each person connected with such persons (as defined in the Framework Agreement)
Warrants	Warrants to be subscribed by SNIL, as per conditions set out in the Subscription Agreement, at a subscription price of Rs 57.50/- per warrant. Upon payment of the exercise price of Rs.517.50/- per Warrant, SNIL will be entitled to 1 equity share of Rs.10/- each in the capital of the Company per Warrant exercised.

2. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF UNITED BREWERIES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs OR THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE-DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER - DSP MERRILL LYNCH LIMITED HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED DECEMBER 30, 2004 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER".

3. DETAILS OF THE OFFER

3.1 Background

a) The Open Offer by SNIL is for substantial acquisition of shares and change in control from sole to joint under Regulation 10 and 12 of the SEBI (SAST) Regulation.

b) Scottish & Newcastle India Limited ("SNIL" or "Acquirer") and Scottish & Newcastle plc ("S&N" or PAC) have entered into a Subscription Agreement with United Breweries Limited ("UBL" or "Company") on December 19, 2004 pursuant to which SNIL has agreed to subscribe for, and the Company has agreed to issue and allot on a preferential basis an aggregate of 3,779,522 Shares of UBL at a price of Rs. 575/- (Rupees Five hundred and seventy five only) per share (the "Issue" or "Preferential Issue"). The Preferential Issue by the Company to SNIL is conditional upon the approval of the Company's shareholders, and SNIL's receipt of requisite statutory approvals for the Preferential Issue, including approval from the Foreign Investment Promotion Board ("FIPB") and the Reserve Bank of India ("RBI") (together the "Conditions"). On completion of the Preferential Issue, the voting equity share capital of the Company will comprise 21,600,125 shares (the "Post Issue Equity Capital") and SNIL together with its PACs will hold 17.50% of the Post Issue Equity Capital. Accordingly, pursuant to the SEBI (SAST) Regulations, SNIL is making an offer to the public shareholders of UBL to acquire 4,320,025 Equity shares representing in aggregate 20% of the Post Issue Equity Capital at a price of Rs. 575/- per share , payable in cash and subject to the terms and conditions mentioned hereinafter (the "Open Offer").

c) The Acquirer has also agreed to subscribe, subject to satisfaction of the Conditions, for up to a maximum of 5,109,198 warrants (the "Warrants") in the Company within 15 days of the last of the Conditions being satisfied at a subscription price of Rs 57.50/- per warrant. The Warrants may be exercised by SNIL at any time after 15 days of the completion of the Open Offer but no later than 18 months from the date of allotment of the warrants. Upon payment of the exercise price of Rs.517.50/- per Warrant, SNIL will be entitled to 1 equity share of Rs.10/- each in the capital of the Company per Warrant exercised. SNIL has undertaken to UBL, subject to satisfaction of the Conditions, to subscribe for and exercise within 30 days of the closing of the Open Offer the lower of :

   (i) 5,109,198 Warrants;

   (ii) such lower number of Warrants which, upon exercise, would give SNIL and its PACs 37.5% (thirty seven point five per cent) of the Fully Diluted Share Capital (being the issued equity share capital after the Preferential Issue and the exercise of the Warrants which SNIL is entitled to exercise under the Subscription Agreement); and

(iii) such number of Warrants as would give SNIL and its PACs the same number of Shares in the Company held in aggregate by the VJM Group.

d) In the event that, following the exercise of the Warrants as described above, the VJM Group hold more Shares in the Company than SNIL and its PACs, the members of the VJM Group have undertaken under the terms of a Framework Agreement to sell down such number of Shares (to parties other than the Acquirer and its PACs) as will give the VJM Group an aggregate holding of Shares equal to those held by SNIL and its PACs. Illustrations as under:

- if 15% of the Post Issue Equity Capital, being 3,240,019 Shares, are tendered in the Open Offer, SNIL will subscribe for and exercise 1,728,010 Warrants in UBL. SNIL and its PACs will upon exercise of such Warrants, hold 8,748,051 Shares of UBL, representing 37.5% of the Fully Diluted Share Capital. The VJM Group will then sell 141,169 shares to reach parity in holding with SNIL and its PACs.
- if only 5% of the Post Issue Equity Capital, being 1,080,006 Shares, are tendered in the Open Offer, SNIL will subscribe for and exercise 4,029,192 Warrants in UBL. SNIL and its PACs will upon exercise of such Warrants, hold 8,889,220 Shares of UBL, representing 34.7% of the Fully Diluted Share Capital. The VJM Group will not need to sell any shares, as parity in holding with SNIL and its PACs is reached upon exercise of Warrants by SNIL and its PACs.
- if only 13.91% of the Post Issue Equity Capital, being 3,004,577 Shares, are tendered in the Open Offer, SNIL will subscribe for and exercise 2,104,620 Warrants in UBL. SNIL and its PACs will upon exercise of such Warrants, hold 8,889,220 Shares of UBL, representing 37.5% of the Fully Diluted Share Capital. The VJM Group will not need to sell any shares, as parity in holding with SNIL and its PACs is reached upon exercise of Warrants by SNIL and its PACs.

e) If the shares tendered in this Open Offer are more or equal to the Open Offer size of 20% of the Post Issue Equity Capital of the Company, then the Company shall not issue any warrants and the VJM Group shall sell-down 789,173 equity shares such that the holding of the VJM Group would be equal to that of the combined holding of Acquirer and PACs (at 37.5% of the Post Issue Equity Capital).

f) On December 19, 2004 ("Board Meeting Date"), the Board of Directors of UBL approved the Issue and, in terms of Regulations 81(1A) of the Companies Act, 1956, called for an Extraordinary General Meeting on January 20, 2005 to obtain approval of shareholders and to authorize the Board to allot the shares/warrants as required under Regulations 23(1)(b) of SEBI (SAST) Regulations. The shareholders of UBL approved the allotment of shares/warrants in the Extraordinary General Meeting.

g) The following Agreements have been entered into on December 19, 2004:

I. A Shareholders' Agreement between the Acquirer, its PACs, the Company and the VJM Group to come into effect upon the issue of Shares to SNIL under the Preferential Issue

(i) containing certain mutual undertakings by the VJM Shareholders and S&N Shareholders in relation to the transfer of their shares in the Company including pre-emption rights and tag-along rights in relation to transfers to third parties and ;

(ii) requiring the affirmative consent of S&N Shareholders and each member of the VJM Group in relation to certain key reserved matters in relation to the conduct of the business of the Company and its subsidiaries (together the "UBL Group") covering (a) changes in the charter documents of UBL, (b) significant changes to the corporate structure or capital structure of UBL Group, (c) changes to the listing of UBL, (d) any changes in the business of the UBL Group, (e) budgets, expenditure and significant acquisitions and disposals, (f) financial control/treasury, (g) material contracts in relation to related parties, suppliers, contract brewers, sales and distribution, intellectual property rights, (h) appointment or removal of directors or key employees and significant changes to employment policies, and (i) corporate governance issues;

(iii) providing each of (a) the S&N Shareholders; and (b) the VJM Shareholders, the right to appoint two representative directors to the board of the Company;

(iv) providing the VJM Shareholders the right to appoint the Chairman of the Company and to nominate for appointment the Chief Executive Officer of the Company (the appointment of the Chief Executive Officer of the Company being ultimately subject to the written consent of the S&N Shareholders and the VJM Shareholders); and

(v) providing the S&N Shareholders the right to nominate for appointment the Chief Financial Officer of the Company (the appointment of the Chief Financial Officer of the Company being ultimately subject to the written consent of the VJM Shareholders and the S&N Shareholders).

In addition, the S&N Shareholders (for themselves and on behalf of S&N and its subsidiaries) and the VJM Shareholders (for themselves and on behalf of the VJM Group) have given certain undertakings not to compete with the business of the UBL Group during the term of the Shareholders' Agreement.

II. A Framework Agreement between the Acquirer, PACs, Scottish Courage Limited, the Company, the VJM Group and United Breweries (Holding) Limited. The Framework Agreement contains certain undertakings from the parties in relation to the conduct of the Preferential Issue and the Open Offer. In particular, the agreement contains irrevocable undertakings from the VJM Group during the period of the Open Offer to vote in favour of the Preferential Issue at the extraordinary meeting of the shareholders referred to in paragraph 3.1 (f) above. The Framework Agreement also contains certain covenants from the VJM Group and the Company to S&N and SNIL with respect to the conduct of the business of the UBL Group during this period as well as certain warranties and indemnities in relation to the UBL Group.

III. Subscription Agreement between the Company, the Acquirer and S&N providing for subscription for 3,779,522 equity shares of Rs 10/- each, 17,283,000 Series A Preference Shares of Rs 100/- each, 7,407,000 Series B Preference Shares of Rs 100/- each in the Share Capital of the Company and up to a maximum of 5,109,198 Warrants convertible into equity shares of the Company, subject to shareholder and statutory approvals.

h) The Acquirer does not hold any equity shares in UBL as of the date of Public Announcement. SNIPL, its PAC, holds 500 equity shares and 18,377,555 Redeemable Optionally Convertible Preference Shares in UBL as of the date of the Public Announcement.

i) Neither the Acquirer nor its PACs have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act.

3.2 The Offer

a) The Public Announcement dated December 23, 2004 was made in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Publication	Editions
Financial Express	Bangalore, Mumbai, Kolkata, Chandigarh, Kochi, New Delhi, Hyderabad, Chennai
Hosadigantha	Bangalore
Janasatta	Kolkata, New Delhi
Mumbai Tarun -Bharat	Mumbai

(The Public Announcements are also available at the SEBI website, www.sebi.gov.in)

b) SNIL will acquire all the shares tendered and accepted under the Offer subject to the conditions mentioned in Section 7 of this Letter of Offer.

c) The Offer is not conditional on any minimum level of acceptance by the shareholders.

3.3. Object of the Offer and Acquirer's Future Plans for UBL

a) The Acquirer is making an investment in the Company through the Preferential Issue, which is subject to the receipt of the statutory approval from the FIPB and the RBI and other conditions precedent set forth in the Subscription Agreement.

b) The Offer to the shareholders of UBL is being made pursuant to the signing of the Agreements between the Acquirer and UBL and is being made in accordance with Regulation 10 and 12 of the SEBI (SAST) Regulations.

c) The Acquirer does not have any plans to dispose of or otherwise encumber any assets of UBL in the next two (2) years, except in the ordinary course of business of UBL and except to the extent required for the purpose of restructuring and/or rationalisation of assets, investments, liabilities or otherwise of UBL.

d) Other than in the ordinary course of business, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of UBL except with the prior approval of shareholders of UBL.

e) S&N regards the Indian beer market as one of the most promising beer markets globally and plans to leverage its experience and know-how to augment UBL's performance in India.

f) The Acquirer and the Target are in similar lines of Business/Operations, however the Acquirer does not have independent operations in India and hence there is not likely to be any change in terms of market positioning, capacity utilisation etc. SNIPL and UBL have a Joint venture in India will 40% holding by each of them, the same will not have any impact on the capacities/market positioning.

g) The proposed Offer does not lead to the public holding in UBL reducing to 10% or below. Hence Regulation 21(3) of SEBI (SAST) Regulations is not applicable.

h) In the event the combined shareholding of (A) SNIL and its PACs (subsequent to the exercise of Warrants if any); and (B) the Promoter Group, exceeds 75% of the equity capital of the Company, subsequent to the exercise of Warrants by SNIL (being the Fully Diluted Share Capital as described earlier in paragraph 3.1 (c)), then the VJM Group shall sell down such number of shares or undertake actions as may be required such that the combined shareholding as described above shall be 75% of the Fully Diluted Share Capital.

4. BACKGROUND OF THE ACQUIRER AND PACS

4.1 Scottish & Newcastle India Ltd ("SNIL"/Acquirer")

a) SNIL was incorporated in 1995 under the laws of England with its principal executive office located at Ashby House, 1 Bridge Street, Staines, England. Tel: +44 131 528 2104 Fax: +44 131 528 2310.

b) SNIL is a 100% subsidiary of S&N and an investment company in the S&N Group.

c) SNIL had no active operations during the last 3 years. According to the laws of England, SNIL is not required to prepare accounts and hence the same are not presented. The paid-up capital of SNIL as on December 28, 2003 is GBP 1.

d) The board of directors of SNIL comprised four directors as on the date of the Public Announcement. Their details are as under:

Name	Designation & Appointment Date as Director	Experience and Qualification	Residential Address
Mr. John Simon Hunt	Director December 14, 2004	Mr Hunt is the Managing Director, Asian Development Markets of S&N. Mr Hunt was Formerly Finance Director of S&N's International Beer Division. He joined S&N in 1998 as Corporate Development Manager having previously held senior commercial and financial positions with the BBC, Holsten UK and Courage Ltd. Mr Hunt qualified with KPMG in London. Mr Hunt's educational qualifications: Chartered Accountant	25 Fountainhall Road, Edinburgh, EH9 2LN, United Kingdom
Mr. Peter Dilworth Kennerley	Director December 14, 2004	Mr. Kennerley has been the Company Secretary & Group General Counsel of S&N since 1999. In this position, he is responsible for all board level legal issues, including corporate governance, mergers & acquisitions and competition and regulatory compliance. Mr. Kennerley qualified as a solicitor with Simmons & Simmons in 1981 and was a partner in that firm between 1986 and 1999 He acted as Secretary to the United Kingdom Panel on Takeovers and Mergers between 1986 and 1988. Mr. Kennerley's education qualifications: Solicitor (England & Wales)	Auchendrane By Ayr, KA7 4TW, United Kingdom
Mr. John Laurie	Director December 14, 2004	Mr. Laurie is Director of Group Financial Services, Scottish & Newcastle plc. He is responsible for Treasury, Tax and Risk management and in addition acts as non-executive director for a number of Group associated company investments. He has been with Scottish & Newcastle since 1974. His educational and professional qualifications are as follows: LL.B; CA; FCT.	50 Craigleith Crescent, Edinburgh, EH4 3LB, United Kingdom
Mr. Ian Philip McHoul	Director December 14, 2004	Mr. McHoul has been the Group Finance Director of S&N since 2001. From 1998-2001, Mr. McHoul was the Finance Director of another S&N Group company, Scottish Courage Ltd. Between 1995-98, he was the Finance & Strategy Director of Inntrepreneur Pub Company Ltd. Prior to this position, he served in various roles in strategy and finance with Courage Ltd. Mr. McHoul qualified as a chartered accountant in 1984 with KPMG. Mr McHoul's educational qualifications: Chartered Accountant; BSc Mathematics (Bristol)	27 Saxe Coburg Place, Edinburgh, EH3 5BP, United Kingdom

e) None of the Directors of SNIL has acquired any shares of UBL during the preceding 12 months.

f) None of the Directors of SNIL is on the board of UBL.

g) As at the date of the Public Announcement SNIL did not hold any securities of UBL. SNIL did not acquire any securities of UBL in the past 12 months.

h) The provisions of chapter II of SEBI (SAST) Regulations are not applicable to SNIL.

4.2 Scottish & Newcastle plc. ("S&N" / "PAC")

a) S&N is a company incorporated in 1931 under the laws of Scotland, UK, with its principal executive office located at 33 Ellersly Road, Edinburgh, Scotland. Tel: +44 131 528 2000. S&N is the parent company of the Scottish & Newcastle Group.

b) S&N was originally incorporated in 1931 as Scottish Brewers Limited, a limited company. In 1960, S&N's name changed to Scottish & Newcastle Breweries Limited. The company was re-registered as Scottish & Newcastle Breweries Public Limited Company in 1981. On September 16, 1991, the company's name was changed to the current name of Scottish & Newcastle plc.

c) S&N is one of Europe's leading brewers with a strong combination of brands, skills and market coverage. S&N has leading market positions in 14 countries in Europe and Asia and exports to more than 60 countries around the world.

d) S&N is a professionally managed company and part of the FTSE 100 with shareholding being widely held by institutions and public at large. The shares of S&N are held by over 80,000 shareholders. S&N's ordinary shares are listed on the London Stock Exchange. The closing price of S&N ordinary shares on London Stock Exchange on December 21, 2004 was GBP 4.30 (equivalent to Rs. 366). S&N's closing market capitalisation on December 21, 2004 was GBP 3.85 billion (equivalent to Rs. 328 billion) (Source: Bloomberg). Shareholding pattern of S&N as on December 31, 2003 was as under:

Ordinary Shares of GBP 0.20 each	**Shareholding**		**Total Shares held**	
	Number	**Percentage**	**Number**	**Percentage**
Up to 2,500	73,485	88.26	48,660,709	5.45
2,501-10,000	7,728	9.28	34,317,060	3.84
10,001-50,000	1,208	1.45	25,929,980	2.90
50,001-200,000	438	0.53	45,750,105	5.12
200,001-500,000	175	0.21	56,592,337	6.33
500,001-1,000,000	93	0.11	66,228,094	7.41
Over 1,000,000	137	0.16	616,143,459	68.95
TOTAL	**83,264**	**100.00**	**893,621,744**	**100.00**

Source: Annual Report

e) The details of the significant mergers, acquisitions and disposals during last three years involving S&N are as follows:

- The acquisition by S&N of Oyj Hartwall Abp and its subsidiaries ("Hartwall") in 2002. The Hartwall acquisition consolidated the S&N Group's position as a leading European brewer as well as giving S&N exposure, through Hartwall's 50% holding in Baltic Beverages Holding AB ("BBH"), to strong market positions to the high growth markets of Russia, the Ukraine and the Baltic states.
- The acquisition (by recommended public takeover) of H.P. Bulmers Holdings plc ("Bulmers"), the United Kingdom market leading branded cider manufacturer in 2003.
- The acquisition of the remaining 51% shareholding in Central de Cervejas ("Centralcer"), following the original acquisition by S&N of a 49% shareholding in that company in 2000. Centralcer is the owner and manufacturer of Sagres, Portugal's leading beer brand.
- The disposal in 2003 of the S&N Group's managed pub estate to Spirit Amber Bidco Limited, a new company formed by a consortium of private equity funds, for GBP 2,510 million (equivalent to Rs. 214 Bn). This disposal has provided the S&N Group with additional flexibility in delivering its long term objective of developing its international beer business.

f) The Board of Directors of S&N comprised twelve members as on the date of Public Announcement. Their details are as under:

Name	Designation & Appointment Date as Director	Experience and Qualification	Residential Address
Mr. James Iain Walker Anderson	Director May 28, 1998	Mr. Anderson is a non-executive director of S&N. He joined S&N's board in May 1998. Earlier he was Strategy and Technology Director and Member of the Executive Committee Unilever N.V. and PLC, Chairman of BT Scotland; Chairman of Schools Enterprise Scotland Ltd; Chairman of Intense Photonics Ltd; Director of Leverhulme Trust	38 Chester Row, London, SW1W 8JP, United Kingdom
Dr. Neville Clifford Bain	Director June 26, 1997	Dr. Bain is a non-executive director of S&N. He joined the S&N board in 1997. He is also Chairman of Hogg Robinson plc. Earlier he spent 27 years working internationally for Cadbury Schweppes (latterly as Deputy CEO), then as CEO for Coats Viyella plc. Qualifications: Master of Commerce, Bachelor in Accountancy and Economics, Doctorate in Law, Fellow Chartered Accountant, Fellow Cost & Management Accountant, Fellow Chartered Secretary	High Trees, Cavendish Road, St. Georges Hill, Weybridge, Surrey, KT13 0JX, United Kingdom
Mr. John Michael Dunsmore	Director September 30, 2002	Mr. Dunsmore is the Chairman & Managing Director, Scottish Courage. He rejoined the S&N Group in 1996 as Corporate Development Director, having worked in the City in a number of roles and at S&N as a graduate trainee. Mr. Dunsmore spent three years with Marston, Thompson and Evershed, latterly as Brewing and Brands Director. He was appointed Managing Director, On Trade, Scottish Courage in 1997, Managing Director of Scottish Courage in May 2002 and joined the S&N board in September 2002.	22 Napier Road, Edinburgh, EH10 5AY, United Kingdom
Mr. Anthony Grant Froggatt	Director May 12, 2003	Mr. Froggatt joined S&N and has been a director and its Chief Executive Officer since May 2003. He was previously President of the Europe, Middle East and Africa division of Seagram Spirits and Wine Group. He has also worked for International Distillers and Vintners in Europe, Asia Pacific and Australia and for H J Heinz and The Gillette Company.	12 Moray Place, Edinburgh, EH3 6DT, United Kingdom
Sir Angus McFarlane Mcleod Grossart	Director May 28, 1998	Sir McFarlane Mcleod Grossart is a non-executive director of S&N. He qualified in law and accountancy and practised as an Advocate at the Scottish Bar. He is the Chairman and Managing Director ofNoble Grossart Limited; Vice Chairman of The Royal Bank of Scotland plc Group; a Director of Trinity Mirror Plc.; a Trustee and the deputy Chairman of the National Heritage Memorial Fund. He has served on many public company boards in the UK, USA and Canada.	64 Northumberland Street, Edinburgh, EH3 6JE, United Kingdom
Dr. Erik John Victor Hartwall	Director May 16, 2002	Dr. Hartwall is a non-executive director of S&N. He is the Chairman of Hartwall Capital and Deputy Chairman of Hartwall. He has been with Hartwall since 1970 and has extensive experience in the brewing and beverage industry both in Finland and internationally.	Vainuddsvagen 72/24, Soderkulla, FIN-01150, Finland

Name	Designation & Appointment Date as Director	Experience and Qualification	Residential Address
Mr. Ian Gerald McAllister	Director September 26, 1996	Mr. McAllister is a senior non-executive director on S&N board. He is the Chairman of Network Rail and of The Carbon Trust, a director of the Energy Savings Trust and a member of the Advisory Committee on Business and the Environment and of the Victim Support Advisory Board. Mr. McAllister served as Chairman and Managing Director of Ford Motor Company Ltd between 1992 and 2002 and is a past Deputy Chairman of the Qualifications and Curriculum Authority.	Trevarno House, Kent's Farm Lane, West Hanningfield, Essex, CM2 8XG, United Kingdom
Mr. Ian Philip McHoul	Director July 13, 2001	Mr. McHoul has been the Group Finance Director of S&N since 2001. From 1998-2001Prior to this role, he was the Finance Director of another group company, Scottish Courage Ltd. During 1995-98, he was the Finance & Strategy Director of Inntrepreneur Pub Company Ltd. Prior to this stint, he served in various roles in strategy and finance with Courage Ltd. Mr. McHoul qualified as a chartered accountant in 1984 with KPMG. Mr McHoul's educational qualifications: Chartered Accountant; BSc Mathematics (Bristol)	27 Saxe Coburg Place, Edinburgh, EH3 5BP, United Kingdom
Mr. John Ross Nicolson	Director November 30, 2000	Mr. Nicolson has served as Chairman of S&N's International Beer division since July 2000. He joined S&N upon the acquisition of Courage in 1995 having previously worked in the UK and internationally for ICI, Unilever and Foster's Brewing Group. Prior to assuming his current role, Mr Nicolson was He Marketing Director for Scottish Courage and Corporate Development Director, for theS&N Group.	14 Oswald Road, Edinburgh, EH9 2HT, United Kingdom
Sir Ian Robinson	Director October 1, 2004	Sir Robinson is a non-executive director of S&N. He has been the Chairman of Hilton Group plc since 2001. Amongst other roles he was Chief Executive of Scottish Power from 1995 to 2001, Chairman of Scottish Enterprise and AMEY until 2003. Prior to that he had wide experience in international engineering with Trafalgar House and John Brown. He is a member of the United Kingdom Panel on Takeovers and Mergers, and a member of advisory boards for Siemens UK, and CVC Private Equity.	The Tilehouse, Tilehouse Lane, Denham, Bucks, UB9 5DG, United Kingdom
Sir Brian John Stewart	Chairman July 7, 1988	Sir Stewart was appointed executive Chairman of S&N in July 2000 and became the non-executive Chairman from 1 October 2003. He joined S&N in 1976 and was the Finance Director (1988- 1991), Chief Executive Officer (1991) and Deputy Chairman (1997-2000). He is the Chairman of Standard Life Assurance Co. and Vice President of British Beer & Pub Association.	6 Wester Coates Avenue, Edinburgh, EH12 5LS, United Kingdom
Mr. Henrik Victor Leo Therman	Director May 16, 2002	Mr Therman is a non-executive director of S&N. and a board member of Hartwall, Hartwall Capital, Baltika Brewery, Vena Brewery and Nokia Tyres. He has been with Hartwall since 1964. Mr Therman was previously Managing Director and latterly Vice Chairman of BBH having been involved with BBH since its inception.	Vainuddsvagen 21, Soderkulla, FIN-01150, Finland

g) None of the Directors of S&N has acquired any shares of UBL during the preceding 12 months.

h) None of S&N's Directors, other than Dr. Neville Clifford Bain, are Directors on the board of UBL. Dr. Bain has not participated in the decision making process for the transaction.

i) Key financials of S&N:

Income Statement	For the 6 months ended June 30, 2004 (unaudited)		For the period ended December 31, 2003 (from April 28, 2003) (audited)		For the period ended April 27, 2003 (from April 29, 2002) (audited)		For the period ended April 28, 2002 (from 29 April 2001) (audited)	
	GBP Mn	Rs Bn	GBP Mn	Rs Bn	GBP Mn	Rs Bn	GBP Mn	Rs Bn
Group Turnover including Jt.Ventures	2,382	203	3,958	337	4,986	425	4,199	358
Net Operating Costs of Group inc. Jt. Ventures	(2,180)	(186)	(3,504)	(298)	(4,365)	(372)	(3,660)	(312)
Profit on Ordinary activities before Interest	202	17	454	39	621	53	539	46
Interest payable	(44)	(4)	(114)	(10)	(145)	(12)	(97)	(8)
Profit on Ordinary activities before Tax	158	13	340	29	476	41	442	38
Tax on Profit on Ordinary acitivities	(35)	(3)	(80)	(7)	(115)	(10)	(124)	(11)
Profit on Ordinary activities after Tax	123	10	260	22	361	31	318	27
Minority interests	(9)	(1)	(16)	(1)	(37)	(3)	(35)	(3)
Profit attributable to ordinary shareholders before amortisation of goodwill and exceptional items	114	10	244	21	324	28	283	24
Amortisation of Goodwill and Exceptional Items	(113)	(10)	(217)	(18)	(206)	(18)	(87)	(7)
Profit attributable to ordinary shareholders after amortisation of goodwill and exceptional items	1	0	27	2	118	10	197	17

Balance Sheet Statement	As at June 30, 2004 (unaudited)		As at December 31, 2003 (audited)		As at April 27, 2003 (audited)		As at April 28, 2002 (audited)	
	GBP Mn	Rs Bn	GBP Mn	Rs Bn	GBP Mn	Rs Bn	GBP Mn	Rs Bn
Assets								
Fixed Assets								
Tangible and Intangible Assets	3,546	302	3,819	325	5,409	461	3,309	282
Investments in Joint Ventures	1,129	96	1,137	97	1,244	106	137	12
Loans to Joint Ventures	36	3	36	3	35	3	-	
Other Investments	318	27	346	29	350	30	298	25
Total Fixed Assets and Investments	**5,029**	**428**	**5,338**	**455**	**7,038**	**599**	**3,745**	**319**
Current Assets	1,480	126	1,483	126	1,250	106	1,294	110
Creditors (due within one year)	1,679	143	1,551	132	1,733	148	1,777	151
Net Current Assets	***(199)***	***(17)***	***(68)***	***(6)***	***(483)***	***(41)***	***(483)***	***(41)***
Creditors (due after more than one year)	1,647	140	1,856	158	3,365	287	997	85
Provisions for liabilities and charges	80	7	95	8	154	13	143	12
Pension liability net of tax	280	24	419	36	471	40		
Net assets including pension liability	**2,823**	**240**	**2,900**	**247**	**2,565**	**218**	**2,122**	**181**
Shareholders' Funds								
Equity Share Capital	179	15	179	15	171	15	130	11
Equity Reserves	2,644	225	2,721	232	2,394	204	1,992	170
Equity Shareholders Funds	**2,823**	**240**	**2,900**	**247**	**2,565**	**218**	**2,122**	**181**

Other Financial Data	**As at and for the 6 months ended June 30, 2004**	**As at and for the period ended December 31, 2003**	**As at and for the period ended April 27, 2003**	**As at and for the period ended April 28, 2002**
Dividend (% of face value)	68%	102%	152%	142%
Earnings per Share (Diluted) ("EPS")	12.8 pence (equivalent to Rs.10.9)	27.7 pence (equivalent to Rs. 23.6)	39 pence (equivalent to Rs. 33)	40.6 pence (equivalent to Rs. 34.6)
Return on Net Worth (%)	4.0%	8.4%	12.6%	13.9%
Book Value per Share	GBP 3.16 (equivalent to Rs.269)	GBP 3.24 (equivalent to Rs.276)	GBP 3.00 (equivalent to Rs.255)	GBP 2.92 (equivalent to Rs.249)

Note:(1) Dividend (%) = Dividend paid / Average No. of shares outstanding / Par value per share; (2) EPS = Profit After Tax / No. of shares outstanding; (3) Return on Net Worth = Profit after Tax / Net Worth at year-end; (4) Book Value per share = Net Worth / No. of shares outstanding (Source: Annual Report & Company Data)

j) The unaudited financial statements for the six months ended 30 June 2004, have been reviewed and certified by the statutory auditor of S&N.

k) Pro-forma results for 12 months to December 31, 2003 compared to pro-forma results for 12 months to 31 December 2002:

S&N's 2003 financial year covered only the 8 month period from May to December 2003. In order to aid understanding of the underlying trends on a calendar year basis, the results presented and discussed herein are unaudited pro-forma results for the 12 months to December 2003 and December 2002.

S&N made good progress during the period, growing underlying volumes by 2.4% and achieving growth over the period in its key Foster's, Kronenbourg and Newcastle Brown Ale brands by 5%, 4% and 9% respectively. BBH, S&N's joint venture with Carlsberg Breweries, enjoyed strong sales and volume growth of 16% and 8% respectively.

In addition, S&N made significant progress in meeting its aims to improve the performance of its core business, including the sale of its managed retail pubs division for GBP 2.5 Bn (equivalent to Rs 213Bn), the recovery of performance in its UK supply chain, the successful integration of its newly acquired Bulmers cider business in the UK and of Central de Cervejas/Luso in Portugal and the efficiency and cost saving gains in the closure of its Fountainbridge Brewery in Edinburgh.

2003 also saw the completion by S&N of its joint venture with United Breweries Limited in India and the signing of a joint venture agreement with the Chongquing Beer Group in China. S&N's turnover grew over the period from GBP 4.7 Bn (equivalent to Rs 400Bn) to GBP 5.5 Bn (equivalent to Rs 468 Bn), representing a growth of 17.1% from the 2002 calendar year, with EBITDA increasing 8.6% from GBP 753 Mn (equivalent to Rs 64 Bn) to GBP 818 Mn (equivalent to Rs 70 Bn), operating profit increasing 8.7% from GBP 585 Mn (equivalent to Rs 50 Bn) to GBP 636 Mn(equivalent to Rs 54 Bn) and profit before tax increasing 0.9% from GBP 467 Mn (equivalent to Rs 40 Bn) to GBP 471 Mn (equivalent to Rs 40 Bn) over the same period. 52 week period ended April 27, 2003 compared to 52 week period ended April 28, 2002 (References to operating profit and profit before tax are stated before amortisation of goodwill and exceptional terms). The period saw strong turnover and operating profit growth in S&N over the period owing in part to the first time contribution received from the Hartwall and BBH businesses acquired in the 2001-2 financial year.

Value and share growth was also enjoyed by S&N over the period across all of its key brands. Operating profit across the Group increased, although fell 8.9% in the UK beer division as a result of delays and higher than expected costs in the implementation and reorganisation of its customer supply chain. S&N's turnover grew over the financial year from GBP 4,199 Mn (equivalent to Rs 358 Bn) to GBP 4,986 Mn (equivalent to Rs 425 Bn), representing a 19% increase on the previous year from the previous financial year with EBITDA increasing 20% from GBP 688.9 Mn (equivalent to Rs 59 Bn) to GBP 826 Mn (equivalent to Rs 70 Bn), operating profit increasing 22% from GBP 538.9 Mn (equivalent to Rs 46 Bn) to GBP 657.9 Mn (equivalent to Rs 56 Bn) and profit before tax increasing by 15% from GBP 442.3 Mn (equivalent to Rs 38 Bn) to GBP 507.3 Mn (equivalent to Rs 43 Bn) over the same period.

l) Significant Accounting policies of S&N as per the audited financial statements for the period ended December 31, 2003.

Basis of preparation

The accounts are prepared in accordance with UK GAAP and applicable accounting standards. The accounts are prepared under the historical cost convention except that certain properties are included at valuation.

Basis of consolidation

The Group accounts consolidate those of the company and its subsidiary undertakings. On the acquisition of subsidiary undertakings or businesses or joint ventures, fair values are attributed to the underlying net assets acquired. Goodwill represents the excess of the consideration over the fair values. Prior to 4 May 1998 goodwill was written off to reserves in the year of acquisition. The profit or loss on the disposal of a business acquired before 4 May 1998 takes account of any purchased goodwill previously written off through reserves. Goodwill acquired after 3 May 1998 is capitalised and amortised on a straight line basis over its estimated useful life. Results of subsidiary undertakings acquired during the year are included from the date of acquisition.

Entities which the Group holds long term and which are jointly controlled by the Group and other parties are treated as joint ventures. The Group accounts include the appropriate share of the results and reserves of joint ventures.

No profit and loss account is presented for Scottish & Newcastle plc as provided by S.230 of the Companies Act 1985 of the United Kingdom (as amended).

Brands

Acquired brands, which are separately indentifiable, are recorded at fair value on acquisition where this can be measured reliably. Where the useful life of the brand is considered to be indefinite no annual amortisation is provided but the brand is subject to annual impairment review and any impairment to carrying value is charged against profits in the year.

Depreciation

Depreciable fixed assets are written off on a straight line basis over their estimated useful lives

Stock valuation

Stocks are stated at the lower of cost or net realisable value. The cost of raw materials and consumables is actual cost. The cost of finished goods and work in progress comprises materials, excise duty where appropriate, labour and attributable production overheads.

Deferred taxation

Deferred taxation is provided, without discounting, on all timing differences which have originated but not reversed at the balance sheet date except for those which should not be recognised under FRS 19, calculated at the enacted rates at which it is estimated that tax will be payable. Deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered.

Foreign currencies

Revenues and costs of overseas companies are included in the consolidated profit and loss account at average rates of exchange during the year with the year end adjustment to closing rates being taken to reserves. Assets and liabilities in foreign currency are translated at year end rates of exchange.

Exchange differences on the retranslation of investments in, and opening net assets of, foreign subsidiary undertakings are dealt with through reserves net of differences on related foreign currency borrowings and swaps. Other gains and losses arising from foreign currency transactions are included in the consolidated profit and loss account.

Retirement benefits

The expected cost of pensions in respect of defined benefit pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the expected remaining service lives of employees in the scheme.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are included in the balance sheet as fixed assets at cost less depreciation. The capital element of future rentals is treated as a liability. The interest element is charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Turnover

Turnover is sales, including recovery of duty where appropriate, rents receivable and other trading income of the Group, after eliminating intra-Group transactions and excluding VAT and property disposals

m) According to information received from S&N, S&N does not have any material contingent liabilities.

n) The provisions of chapter II of SEBI (SAST) Regulations are not applicable to S&N.

o) As at the date of the Public Announcement S&N did not hold any securities of UBL. S&N did not acquire any securities of UBL in the past 12 months.

p) Mr. Peter Dilworth Kennerley (Company Secretary) is responsible for corporate governance at S&N. Mr Kennerley can be contacted at Scottish & Newcastle plc, 33 Ellersly Road, Edinburgh, EH12 6HX, Scotland, Tel: +44 131 528 2000, Fax: +44 131 528 2324

4.3 Scottish & Newcastle India Private Limited ("SNIPL"/"PAC")

a) SNIPL was incorporated on September 19, 2002 under the Companies Act, 1956. SNIPL's registered office is located at 46, Mulji Jetha Building, 2nd Floor, 187 Princess Street, Mumbai 400002. Tel: +91 22 2200 1747

b) SNIPL is a 100% subsidiary of Scottish Courage Limited which in turn is a 100% subsidiary of S&N.

c) SNIPL is engaged in the business of beer and alcoholic beverages sectors, brewing, blending, preparing, processing, distributing and marketing all sorts of liquors, wines, beers and alcoholic and non-alcoholic drinks, providing technical and consultancy services to the alcoholic and non-alcoholic drinks sector and carrying on the business of wine and spirits merchants, either as exporters or importers, commission agents, warehousemen, bottlers, manufacturers of and dealers in aerated and mineral waters and other drinks, licensed victuallers and beer housekeepers.

d) As on the date of the Public Announcement SNIPL holds the following securities in UBL. Other than the same no shares/securities have been acquired by SNIPL in UBL in the past 12 months.

Nature of instrument	Date of acquisition	Mode of Acquisition	No. of Instruments	Acquisition price (Rs)
Equity Shares	September 24, 2003	Market purchase	500	Rs 101.00
ROCPS	November 19, 2004	Rights issue by UBL	18,377,555	Rs 100.00

e) SNIPL has promoted a Joint Venture in India named McDowell Alcobev Private Limited along with UBL with an equity interest of 40%.

f) SNIPL's financials for the years ended March 31, 2004 and March 31, 2003 are as under:

Income Statement (in Rs)	Six months ended September 30, 2004 (unaudited)	Year ended March 31, 2004 (audited)	Year ended March 31, 2003 (audited)
Income from operations	-	-	-
Other Income - Exchange gain	-	573,600	-
Total Income	-	573,600	-
Total Expenditure	(2,05,120)	(754,061)	(445,000)
Profit/Loss(-) Before Depreciation Interest and Tax	(2,05,120)	(180,461)	(445,000)
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	-	(180,461)	(445,000)
Provision for Tax	(2,05,120)	-	-
Profit after Tax	(2,05,120)	(180,461)	(445,000)

Balance Sheet Statement (in Rs lacs)	**As at September 30, 2004 (unaudited)**	**As at March 31, 2004 (audited)**	**As at March 31, 2003 (audited)**
Sources of Funds			
Paid Up Share Capital	1,780	1,780	6
Reserves & Surplus (excluding Revaluation Reserve)	15,966	15,966	-
Net worth	17,746	17,746	6
Secured Loans	-	-	-
Unsecured Loans	-	-	-
Total Sources of Funds	**17,746**	**17,746**	**6**
Uses of Funds			
Net Fixed Assets	-	-	-
Investments	18,065	18,065	-
Net Current Assets	(- 327)	(325)	2
Profit & Loss Account	8	6	4
Total Uses of Funds	**17,746**	**17,746**	**6**

Other Financial Data	**As at and for the six months September 30, 2004**	**As at and for the year months March 31, 2004**	**As at and for the year months March 31, 2003**
Dividend(%)	0%	0%	0%
Earning per share (Rs)	(0.01)	(0.01)	(8.9)
No. of shares	17,790,000	17,790,000	50,000
Return on networth (%)	(0.01)	(0.01)	(74.17)
Book value per share (Rs)	99.75	99.75	12

g) The Board of Directors of SNIPL comprised five members as on the date of Public Announcement. Their details are as follows:

Name of the Director	Designation & Appointment Date as Director	Experience & Qualification	Residential Address
Mr. Richard Gibb	Director January 27, 2003	Since January 2002, Mr. Gibb has been Managing Director of Scottish & Newcastle International, the business within S&N responsible for all export sales and joint ventures established by S&N. Previously he was Director of Corporate Affairs for S& N responsible for the company's communication with the media, investors, employees, politics and the community. He was also a member of the Strategy Committee.His earlier career was predominantly in marketing as with S&N and Rowntrees	Scottcrest, Goose Green, GullaneEH31 2BA United Kingdom
Mr. Peter Dilworth Kennerley	Director January 27, 2003	Mr. Kennerley has been the Company Secretary & Group General Counsel of S&N since 1999. In this position, he is responsible for all board level legal issues, including corporate governance, mergers & acquisitions and competition and regulatory compliance. Mr. Kennerley qualified as a solicitor with Simmons & Simmons in 1981 and was a partner in that firm between 1986 and 1999 He acted as Secretary to the United Kingdom Panel on Takeovers and Mergers between 1986 and 1988. Mr. Kennerley's education qualifications: Graduate Sidney Sussex College Cambridge (MA 1979); College of Law, Solicitor (England & Wales)	Auchendrane By Ayr, KA7 4TW, United Kingdom
Mr. Peter Ellis	Director January 27, 2003	Mr. Ellis is also the Deputy Chief Executive Officer of Millenium Alcobev Private Limited. Prior to joining Millenium in May 2003, he worked as Corporate Development Manager for S&N plc for 4 years based in the UK with reposibilities for assesing and negotiating overseas expansion opportunities for the S&N Group. He possesses BSc (Hons) from The University of Newcastle upon Tyne.	Havell, L.D. Ruparel Marg, Malabar Hill, Mumbai 400 006.
Ms. Dina Wadia	Director Since Incorporation	Ms Wadia is an Advocate and Solicitor and is a partner of Little & Co, a leading firm of Advocates and Solicitors in Mumbai. Ms Wadia holds a Bachelor of Commerce and a Bachelor of Laws from the Mumbai University and a Master of Laws from Gonville and Caius College, Cambridge	2, Gilder House, 67F. B. Desai Road, Mumbai 400 026.
Mr. Nikhilesh Panchal	Alternate Director (Alternate to Ms. Dina Wadia)	Mr Panchal is an Advocate and Solicitor and is a partner of Little & Co, a leading firm of Advocates and Solicitors in Mumbai. Mr Panchal holds a Bachelor of Commerce, Bachelor of Laws and a Master of Laws from the Mumbai University.	502 Ajay Apartments T. H. Kataria Marg, Mumbai 400 016

i) None of the Directors of SNIPL has acquired any shares of UBL during the preceding 12 months.

j) None of the Directors of SNIPL is on the board of UBL.

k) The provisions of chapter II of SEBI (SAST) Regulations are not applicable to SNIPL.

5. BACKGROUND OF UNITED BREWERIES LIMITED

a) UBL is a public limited company with its registered office located at UB Anchorage, 100/1, Richmond Road, Bangalore 560 025. Tel: +91 80 2227 2806/2227 2807

b) UBL was originally incorporated on May 13, 1999 in Karnataka as UB Infrastructure Projects Limited as a public limited company under the Companies Act, 1956. The Company was originally incorporated to carry out the business of infrastructure facilities and other allied activities. The name of the Company was subsequently changed to UB Beer Limited on July 31, 2001, in view of the scheme of arrangement proposed to be entered into between United Breweries (Holdings) Limited (erstwhile United Breweries Limited) and the Company. The erstwhile United Breweries Limited was the holding company of the Company and in terms of the scheme of arrangement, the brewing business carried on by the erstwhile United Breweries Limited in its various undertakings and/or units, save and except the unit located at Bangalore, but including the trade marks, trade names, brands, domain names and contract brewing rights on a going concern basis including all units of administrative properties relating to or necessary for the aforesaid units are transferred to and now vest in the Company. As part of the scheme of arrangement approved by the Honourable High Court of Karnataka on July 4, 2002, 15,093,971 shares were allotted to shareholders of UBHL. Subsequently the name of the Company was changed to United Breweries Limited on August 7, 2002. UBL's equity shares were listed on various stock exchanges as under

Stock Exchange	Date of Listing
The Stock Exchange, Mumbai	October 23, 2002
Bangalore Stock Exchange	October 17, 2002
Delhi Stock Exchange	October 23, 2002
Calcutta Stock Exchange	September 18, 2002
Ludhiana Stock Exchange	October 21, 2002
Cochin Stock Exchange	October 21, 2002
Ahmedabad Stock Exchange	November 8, 2002
Madras Stock Exchange	October 25, 2002
Hyderabad Stock Exchange	October 23, 2002

c) UBL is primarily engaged in (a) the business of brewing and malting in all its branches; (b) purchasing or otherwise acquiring or taking-over as going concerns, businesses which are in accordance with its objects; and (c) trading and carrying on business as manufacturers of and dealers in all kinds of beer, ales and the like; trading and carrying on business in the like manner as brewers, malsters and hop growers; ale, stout and porter merchants, agents and distributors; barley and general raisers, importers, driers and merchants; manufacturers of and dealers in yeast, finings, isinglass and other drawers, requisites. Its primary beer brand, Kingfisher, which is the largest selling beer brand in India, commands a 29% market share in the country.

d) UBL has the following subsidiaries: (a) Associated Breweries & Distilleries Limited (ABDL); (b) London Drafts Pubs Private Limited, subsidiary of ABDL; (c) London Pilsner Breweries Private Limited, subsidiary of ABDL; and (d) Mangalore Breweries & Distilleries Limited (MBDL). None of UBL's subsidiaries are listed companies.

e) UBL's manufacturing facilities are located in various key beer markets of India. As perthe annual report of UBL for the year ended March 31, 2004, the present combined production capacity of all units of UBL is 2,173,180 hecto litres. The break down of production capacity by unit is presented below.

Sl. No.	Name and Address of the Brewery	License Expiry Date	Annual Production Capacity[2] (in hecto litres)
1	United Breweries Limited[1] Plot No. M-1 MIDC Industrial Area, Taloja 410 208 Dist. Raigad, Maharashtra	Renewed up to May 31, 2005	600,000
2	United Breweries Limited Vernad, Cherthala 688 623 Kerala	Renewed up to March 31, 2005	63, 180
3	United Breweries Limited Kanjikode West, P.O. Palakkad 678 623 Kerala	Renewed up to March 31, 2005	400,000
4	United Breweries Limited Nacharam Industrial Area, Nacharam Hyderabad 501 507 Andhra Pradesh	Renewed up to March 31, 2005	295,000
5	United Breweries Limited Post Box No. 3, Bethora, Ponda 403 401 Goa	Renewed up to March 31, 2005	165,000
6	United Breweries Limited Vittal Mallya Road Kalyani 741 235 West Bengal	Renewed up to March 31, 2005	250,000
7	United Breweries Limited Focal Point Area Ludhiana 141001 Punjab	Renewed up to December 31, 2010	400,000
	Total		2,173,180

Notes: (1) application is in the name of Bombay Breweries; (2) as certified by the excise departments of various states.

f) UBL also produces beer through its contract manufacturers with whom it enters into long term arrangements. The details of contract production are presented in the table below:

Sl. No.	Name and Address of the Brewery	Date of Agreement	Period	Contracted capacity p.a. as per agreement (in hecto litres)
1	Karnataka Breweries & Distilleries Pvt. Limited 20th Mile, Tumkur Road, Bangalore 560 073	October 1, 2004	18 months	312,000
2	Mangalore Breweries & Distilleries Limited Plot No. 310, 311, 322(E) Industrial Area Baikampady, New Mangalore 575 011, Karnataka	April 2, 2001	10 years	150,000
3	Blossom Industries Limited Village Jani Vankad, Nani Daman Daman- 396 210	July 1, 2001	5 years	70,200
4	Vinedale Distilleries Limited Gaganpahad, Bangalore Highway, Hyderabad 509 323	July 18, 2000	5 years	9,360
5	Associated Breweries & Distilleries Limited D-103/104, TTC Indl. Area, Nerul Node Navi Mumbai 400 706	February 15, 2001	10 years	163,800

6	Superior Industries Limited No. 13/1, Mathura Road, Faridabad, Haryana - 121 003	March 26, 1999	20 years	102,960
7	Mohan Goldwater Breweries Limited Mohan Meakin Road, Daliganj, Lucknow, Uttar Pradesh-226 020	March 8, 2000	7 years	39,000
8	Inertia Industries Limited *Haryana Brewery:* Main Jaipur Highway, Village Joniawas, Dharuhera, Rewari 122 106, Haryana *Maharashtra Brewery* Plot No. L-10, MIDC, Waluj Indl. Area, Aurangabad 431 136, Maharashtra	October 6, 2003	5 years	74,880 (includes both breweries)
9	Rainbow Breweries Limited RICO Industrial Area Shiwar, Dist. Sawai Madhopur, Rajasthan 322 704	October 20, 2001	5 years	46,800
10	GMR Beverages & Industries Limited Bantupalli Village, Ranasthalam Mandal, J.R. Puram, P.O. Srikakulam Dist. 532 407, Andhra Pradesh	March 7, 2002	5 years	46,800
11	Tripti Alcobrew Limited Village Mahatoli, Banmore, District Morena, Madhya Pradesh	October 10, 2002	3 years	46,800
12	Som Distilleries & Breweries Limited Village Rojrachak, Dist: Raisen Madhya Pradesh	January 14, 2003	3 years	46,800
13	Empee Distilleries Limited, Kuthambakkam, Nazerathpet P.O., Tiruvallur District Tamil Nadu - 602 107	March 6, 2002	5 years	62,400
14	Empee Breweries Limited New Industrial Development Area, Menonpara Road, Kanjikode, Palakkad 678 621, Kerala	December 23, 2002	5 years	32,760
15	Winsome Breweries Limited Village Sareh Khurd, Tehsil Tijara, District Alwar, Rajasthan	January 27, 2004	5 years	163,800
	Total			1,368,360

NOTE: Although there is a contract arrangement with Rainbow Breweries Limited, Tripti Alcobrew Limited and Empee Distilleries, UBL is not lifting the Products from them at present. UBL has entered into a capacity sharing agreement with McDowell Alcobev Limited ('MAL') in terms of which UBL and MAL have agreed to supply beer as per each others' requirements for a period of five years. UBL also has a contract arrangement with Balaji Distilleries Limited and has entered into a licensing and distribution agreement with Independent Liquors Limited of New Zealand.

g) The share capital structure of UBL as on the date of Public Announcement is as follows:

Particulars	No. of Shares	% of Post Issue Equity Capital
Fully paid-up equity shares prior to Preferential Issue	17,820,603	82.5%
New shares proposed to be issued under the Preferential Issue	3,779,522	17.5%
Post Preferential Issue	21,600,125	100%
Total Paid-up Equity Shares	21,600,125	100%
Total Voting Rights	21,600,125	100%

h) There are no partly paid-up shares as on the date of this Public Announcement, however UBL has as on date 21,369,077, Redeemable Optionally Convertible Preference Shares ("ROCPS") of Rs.100/- each. The same have a tenor of 5 years and are convertible into equity shares in terms of the default conversion mechanism prescribed in the letter of offer for the rights issue of ROCPS and are convertible or redeemable at the option of UBL either during or at the end of the tenor of ROCPS. Following the payment by SNIL for its subscriptions to equity shares, Preference Shares and Warrants pursuant to the terms of the Subscription Agreement, and in any event within 5 business days of closing of the Subscription Agreement, UBL has undertaken to redeem ROCPS and SNIPL has agreed to exercise its rights (as a holder of ROCPS) in such manner as shall be reasonably required to enable UBL to comply with the redemption. Further UBL has clarified that it would not undertake conversion of the ROCPS for a period of at least 15 days after the completion of the Open Offer.

i) Details of the changes in share capital of the Company since incorporation, and status of compliance with the applicable provisions of SEBI (SAST) and other applicable regulations under the SEBI Act 1992, and other statutory requirements, are as follows:

Date of allotment	**No. of shares issued**	**Face Value (Rs)**	**Mode of allotment**	**Identity of allottees**	**Issue price (Rs)**	**Status of Compliance**
May 13, 1999	7	10	Subscription to MoA	VJM PACs	10	n.a.***
July 31, 2001	2,726,625	10	Cash*	VJM PACs	230.69	n.a.
August 22, 2002	15,093,971	10	Cash**	Shareholders of UBHL (including Promoter Group companies)	10	n.a.
TOTAL	17,820,603					

Notes:

* *UBHL had lent money to UBL for acquiring shares of ABDL, MBDL and Inertia Industries Limited. The loan granted by UBHL was subsequently converted into the equity shares of UBL based on the valuation done by valuers.*

** *pursuant to the scheme of arrangement (demerger) four new equity shares of Rs.10/- each were issued as fully paid-up in UBL for every ten equity shares of Rs.10/- each fully paid up held in UBHL with a corresponding reduction in the share capital by Rs.4 per equity share of Rs.10/- each of UBHL and hence are considered as issued in cash*

*** *n.a. im*plies not applicable

j) As on the date of the Public Announcement, the shares of UBL were listed on BSE, the BgSE, CoSE, CSE, MSE, LSE, ASE, HSE and the DSE. The shares of UBL are most frequently traded on BSE. As on December 21, 2004 the closing price of the shares of UBL on BSE was Rs.471.85/- per share. (Source: Bloomberg). UBL is in compliance with the listing agreements of various stock exchanges and as on the date of the Public Announcement, no punitive action has been initiated against UBL by the stock exchanges where its shares are listed.

k) UBL and its promoters have complied with applicable provisions of Chapter II of SEBI (SAST) Regulations within the specified time.

l) UBL has not received any directions from SEBI u/s 11B of the SEBI Act, prohibiting them from dealing in securities or under any of the regulations made under the SEBI Act.

m) UBL has not undertaken any merger/acquisition or disposal in the 3 years prior to the date of the Public Announcement. However, UBL is evaluating acquisition of equity shares in Karnataka Breweries & Distilleries Private Limited, one of its contract brewers. The Company has passed an enabling resolution in the Extraordinary General Meeting held on January 20, 2005 regarding investment in the equity shares of Karnataka Breweries & Distilleries Private Limited and the investment is subject to necessary due diligence being conducted by the Company. Further, the Company has not taken any steps so far with regard to the investment being made in the equity capital of Karnataka Breweries & Distilleries Private Limited.

n) The Board of Directors of UBL as on the date of the Public Announcement was as under:

Name of the Director	Designation & Appointment Date as Director	Experience & Qualification	Residential Address
Dr. Vijay Mallya	Chairman Feb 1, 2000	Dr. Mallya is a well known industrialist and the Chairman of the UB Group. He took over the reins of United Breweries Group at the young age of 28 and has been instrumental in growing it into a multi national business conglomerate. Dr. Mallya has received awards both in India and overseas. He is a Member of Parliament, Republic of India. He has also been nominated as a Global Leader for Tomorrow by the World Ecnonomic Forum during their annual meeting at Davos in 1995. Qualification: Phd in Business Administration from Southern California University, Santa Ana, CA, USA in 1997	6 Bulkley Avenue Sausalito, California 94965, USA
Mr. Kalyan Ganguly	Managing Director Aug 9, 2002	Mr Kalyan Ganguly started his career with Reckitt & Coleman India Limited and subsequently in 1979 joined the Spirits Division of the UB Group. Mr Ganguly joined the Board of UBL on March 30, 2002 and was elevated to the position of the Managing Director of the Company from August 9, 2002. Before being appointed on the Board and later as Managing Director of the Company, Mr. Ganguly was leading the Brewery business as President of the Breweries Division. Mr. Ganguly has contributed towards growth and development of Kingfisher brand. Mr. Ganguly has also participated in various workshops where he has been able to acquire relevant knowledge and contribute significantly towards enhancing India's position among countries having significant brewing operations. Mr. Ganguly is entrusted with powers of management and is responsible for the general conduct and management of the business and affairs of the Company subject to the superintendence, control and supervision of the Board of Directors of the Company. Qualification: PGDBM, XLRI Advanced Mgmt Program, Harvard Business School; Executive Program In Mktg, Harvard Business School	Flat 302, III Floor, Brigade Lavelle - 1, Lavelle Road, Bangalore 560 001
Mr. Subhash Raghunath Gupte	Additional Director August 9, 2002	Mr. Subhash Raghunath Gupte, has worked with Caltex India Limited from 1964 for 5.5 years in various capacities. Mr. Gupte joined Air India in 1969 and worked for 24 years in various positions in India & abroad. He was promoted as Director of Finance in May 1988 and also took charge as Director Human Resources in August 1988. He was also entrusted with the functions of Deputy Managing Director at the same time. He took over in the acting capacity as Chairman and Managing Director of Air India from July 17, 1990 and also Chairman of Hotel Corporation of India till November, 1991. During his tenure with Air India, he was on the Board of Air Mauritius and the Indian	77, 2nd Cross, Lavelle Road, Bangalore 560 001

Name of the Director	Designation & Appointment Date as Director	Experience & Qualification	Residential Address
		Airlines and was Deputy Chairman and Vice President of Airline Mutual Insurance based in Bermuda. He was a Member of International Air Transport Association (IATA) Executive and Financial Committees and Fuel Trade Group. He was also a Director on the Board of Pacific Asia Travel Association. Qualification: Chartered Accountant	
Mr. A. K. Ravi Nedungadi	Director August 9, 2002	Mr. A.K. Ravi Nedungadi, started his career with Macneil & Magor and was involved in overall redesigning of the company's Management Information System and worked in the company for 6 years. He then joined Pentagon Fasteners Limited as Assistant Vice President Finance, where he was instrumental in achieving a turn around for the company. He was appointed by Financial Institutions to conceive and manage financial rehabilitation. After a stint of 1.5 years in Computer Point Limited as Chief Financial Officer, he joined the UB Group as a Financial Officer and was promoted as a Group Corporate Treasurer. Mr. Nedungadi was promoted as a Group Finance Director of UB International Limited where he worked for 5 years. He is presently the President & CFO of the UB Group overseeing the Finance function of the entire group. Qualification: Chartered Accountant, Cost Accountant	Flat 103, Delphi - III, Prestige Acropolis 20, Hosur Road, Bangalore 560 029
Mr. Atul Munim	Director July 17, 2004	Mr. Munim is a senior partner of M/s Bachubhai Munim & Company, Advocates and Solicitors, Mumbai, one of the leading solicitor firms in the country. Qualification: Graduate in Law	C-52 Darshan Apartments, Mt. Pleasant Road, Mumbai 400 026
Mr. Vijay Kumar Rekhi	Additional Director August 9, 2002	Mr. Vijay Rekhi has over 35 years of varied experience in both operational and policy making positions within and outside the UB Group. Since April 1996, he is President of the UB Group Spirits Division and Managing Director of McDowell & Co. Ltd. His earlier assignments within the UB Group included the positions of Regional Director for overseas operations, CEO of Phipson & Co. Ltd., India and Director Marketing & Sales, Herbertsons Limited. Prior to joining the UB Group, he held the position of All India Sales & Marketing Head of Polson Limited, India, and Head of the Sales function in Cable Marketing Co. Ltd., India. Mr. Rekhi has successfully completed a 16 week programme on export management from the International Trade Centre, Geneva, Switzerland; a 12 week Advanced Management Programme (ISMP) of the Harvard Business School, USA and a seminar on Leading Organizational Change at the Wharton School, USA. Apart from being a director on the Boards of several companies in the UB Group, he has also held the position of chairman of trade associations like	"Camelot" Apt No. 203, No. 4, Kingston Road Ulsoor Road Bangalore 560 042

Name of the Director	Designation & Appointment Date as Director	Experience & Qualification	Residential Address
		"Society for Alcohol Related Policy Initiative" (SARPI), "Association of Distillers, Brewers & Vintners of India" (ADBVI), and "Confederation of Indian Alcoholic Beverage Companies" (CIABC) Qualification: Post Graduate in Economics, Masters in Business Administration (Indian Institute of Management, Ahmedabad)	
Mr. C..L. Jain	Additional Director August 9, 2002	Mr. Chhaganlal Meghraj Jain is also a Member of Institute of Chartered Secretaries & Administrators, London, Chartered Institute of Management Accountants, London, qualified chartered and a company secretary. Mr. Jain has very rich and vast experience in the field of finance and accounts, acquired over 38 years of working experience with various organizations including ICI, Hindustan Lever Limited, Hoechst India Limited and later President of Ceat Asset Management Limited. He was a visiting faculty member of the Bajaj Institute of Management and other Institutes for two decades. He was also the Chairman of the Banking and Finance Committee of the Bombay Chamber of Commerce and Industry for the period of 4 years. (1992-96) Qualification: Chartered Accountant, Company Secretary, Chartered Institute of Management Accountants, London	13/B/2 Woodlands, Peddar Road Mumbai 400 026
Dr. Neville Clifford Bain	Nominee Director June 30, 2003	Dr Neville Bain is a company director, consultant and an author of management books. He worked internationally for 27 years first with Cadbury Schweppes Plc. in financial and general management in New Zealand, Australia, South Africa and the United Kingdom and having been Managing Director of the world-wide confectionary, was appointed Deputy CEO. He then joined Coats Viyella plc as Group Chief Executive Officer for 6 years, before embarking on a portfolio career. He is Chairman of Hogg Robnison plc and a non executive director of S&N both of which are based in the U.K. He completed his extended term of office as chairman of Consignia plc (formerly The Post Office) at the end of December 2001. Qualification: Master of Commerce, Bachelor in Accountancy and Economics, Doctorate in Law, Fellow Chartered Accountant, Fellow Cost & Management Accountant, Fellow Chartered Secretary	Hightrees Cavendish Road, St. George's Hill Weybridge Surrey KT 13 OJX United Kingdom

o) One of the Directors of the Company, Dr. Neville Clifford Bain, is also a Director on the board of S&N, one of the PACs of the Acquirer. Dr. Bain has not participated in the decision making process for the transaction.

p) The Promoter Group are the promoters of UBL in terms of the SEBI (SAST) Regulations.

q) The details of the changes in shareholding of the Promoter Group as and when such changes happened are as follows:

- The total Promoter Group shareholding in UBL, as on December 23, 2004 is 89,22,450 shares representing 50.07%, as follows:

Sl. No.	Shareholder	No of shares	% of Total Equity Capital
1	Promoter i.e. Dr Vijay Mallya (singly or jointly with relatives)	19,21,826	10.78%
2	Persons acting in concert with Promoter		
	a) United Breweries (Holdings) Limited	27,26,632	15.30%
	b) McDowell and Company Limited	17,53,334	9.84%
	c) Mallya Private Limited	8,80,800	4.94%
	d) Kamsco Industries Private Limited	8,80,800	4.94%
	e) The Gem Investment and Trading Company Private Limited	3,88,362	2.18%
	f) Devi Investments Private Limited	1,67,337	0.94%
	g) Pharma Trading Company Private Limited	1,36,293	0.77%
	h) Vittal Investments Private Limited	33,836	0.19%
3	Other entities in the Promoter Group		
	a) Aventis Pharma Limited	33,212	0.19%
	b) Herbertsons Limited	18	0.00%
	Total	89,22,450	50.07%

Notes:

Prior to demerger of the beer business from UBHL to UBL, UBL was a 100% subsidiary of UBHL. In the advertisement issued by UBL in terms of the clause 8.3.5.4 of SEBI DIP Guidelines in October 2002, the Company had announced Dr. Vijay Mallya, Kamsco Industries Private Limited, Gem Investment & Trading Company Pvt. Ltd., Pharma Trading Company Pvt. Ltd., Devi Investments Pvt. Ltd., Mallya Pvt. Ltd., McDowell & Company Ltd., UBHL, UB Distilleries Ltd., and Seven Seas Distillery Ltd as the Promoters of UBL. Subsequently, based on a legal opinion obtained by the Company, UBL has re-classified its promoters and now Dr. Vijay Mallya and his family members are being declared as promoters of the Company and others are being declared as Persons Acting in Concert. Further, based on a legal opinion obtained by the Company, Seven Seas Distillery Ltd. is not included in Persons Acting in Concert. Further, by way of a letter dated September 8, 2003, UB Distilleries Limited has informed the Company that they were the founders of erstwhile UBL (now UBHL) and consequent to demerger and as discussed with the Company, they would like to disassociate themselves from the demerged UBL and that they would like to await UBL's concurrence on the disposal of their shareholding in UBL. The Company has not replied to UB Distilleries Limited letter and has, by way of letter dated September 26, 2003 informed stock exchanges that UB Distilleries Limited is no longer to be treated as a company acting in concert with the UB Group and based on legal opinion obtained in this regard has submitted a revised shareholding pattern with all stock exchanges where the shares of the Company are listed eliminating the name of UB Distilleries Limited from the list of persons acting in concert. UB Distilleries Limited holds 19,296 equity shares of UBL representing 0.11% of the listed equity capital of UBL.

- The build-up of shareholding of the Promoter Group is as follows:

Date	No. of Equity Share Acquired	Method of allotment	Face Value (Rs)	Issue Price/ acquisition price (Rs)
May 13, 1999	7	Subscription to MoA	10.00	10.00
July 31, 2001	2,726,625	Cash	10.00	230.69
August 22, 2002	6,195,818	Cash*	10.00	10.00
Total	**8,922,450**			

Note:

* *pursuant to the scheme of arrangement (demerger) four new equity shares of Rs.10/- each were issued as fully paid up in UBL for every ten equity shares of Rs.10/- each fully paid up held in UBHL with a corresponding reduction in the share capital by Rs.4 per equity share of Rs.10/- each of UBHL and hence are considered as issued in cash. The shares acquired were fully paid shares at the time of allotment/ acquisition.*

r) The details of the corporate governance for the Company are as follows

Composition of the Board Directors

The board of directors of UBL comprises eight members, of whom 3 are non-executive directors. The board is headed by a non-executive chairman. More than one third of the board of directors are independent directors. The board functions either as a full board or through committees. Policy formulation, setting up of goals and evaluation of performance through control functions vest with the board, while the committees oversee operational issues.

Compliance Certificate of the Auditors

The statutory auditors of UBL, vide their letter dated June 25, 2004, have certified that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the listing agreement with the stock exchanges on which the Shares of UBL are listed.

s) The shareholding and voting pattern of UBL prior to and following the Preferential Issue and Offer, is as under:

Shareholders' category	**Shareholding & Voting rights prior to the agreement/ acquisition and Offer (as on December 22, 2004) (A)[1]**	**Shares/ Voting rights agreed to be acquired which triggered off the SEBI (SAST) Regulations (B)[2]**	**Shares/ Voting rights to be acquired in the Open Offer (Assuming full acceptances) (C)[2]**	**Shareholding/ Voting rights after the agreement/ acquisition and Offer (A)+(B)+(C) = (D)[2]**
1) Promoters				
a) VJM Group	8,889,220 (49.88%)	—	—	8,889,220 (41.15%)
b) Aventis Pharma Limited	33,212 (0.19%)	—	—	33,212 (0.15%)
c) Herbertsons Limited	18 (0.00%)	—	—	18 (0.00%)
2) Acquirer and PACs				
a) SNIL	—	3,779,522 (17.50%)	4,320,025 (20.00%)	8,099,547 (37.50%)
b) SNIPL	500 (0.00%)	—	—	500 (0.00%)
3) Non Promoter Shareholding				
a) Mutual Funds and UTI	441,484 (2.48%)	—		
b) Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/ Non-Government Institutions)	522,202 (2.93%)	—		
c) FIIs	5,071,112 (28.46%)	—		
d) Private Corporate Bodies	455,052 (2.55%)	—		
e) Indian Public	2,275,900 (12.77%)	—		
f) NRIs/OCBs	100,781 (0.57%)	—		
g) Others	31,122 (0.18%)	—		
Total (3) : (a)+(b)+(c) +(d)+(e)+(f)+(g)	8,897,653 (49.93%)	—	(4,320,025) (20.00%)	4,577,628 (21.19%)
Grand Total (1+2+3)	**17,820,603 (100.00%)**	**3,779,522 (17.50%)**	**0 (0.00%)**	**21,600,125 (100.00%)**

Notes: (1) Percentage shareholding presented in brackets is based on the total voting capital as of December 22, 2004;
(2) Percentage shareholding presented in brackets is based on the Post Issue Equity Capital

- Acquirer and PACs do not intend to hold more than the number of shares held by the VJM Group. In case, the number of shares tendered in the Open Offer is less than 13.91% of the Post Issue

Equity Capital, the Acquirer shall subscribe to such number of Warrants as shall result in the number of Shares held by the Acquirer and the PACs, subsequent to the exercise of Warrants, being equal to that of the VJM Group (or 8,889,220 shares of UBL). In such an event, the VJM Group would not sell down their shares. In case, the number of shares tendered in the open offer is more than or equal to 13.91% of the Post Issue Equity Capital, the Acquirer shall subscribe to such number of Warrants, which upon exercise shall result in the combined equity stake of the Acquirer and PACs being equal to 37.5% of the Fully Diluted Equity Capital of UBL. In this event the VJM Group would sell down such number of shares as shall make their combined holdings (in number of shares) equal to that of the Acquirer and the PACs (subsequent to warrant conversion).

t) Key audited financials of UBL:

Income Statement (Rs. Lacs)	6 months ended September 30, 2004 (unaudited, certified)	Year ended		
		March 31, 2004 (audited)	March 31, 2003 (audited)	March 31, 2002 (audited)
Revenues	21,557	45,368	40,504	20,747
Other Income	-	1,291	847	320
Total Income	21,557	46,659	41,351	21,067
Total Expenses	19,177	42,004	38,040	20,442
PBIDT	2,380	4,655	3,312	625
Depreciation	439	669	538	376
Interest	1,461	3,245	2,399	1,638
Non-recurring Item	-	(321)	-	-
PBT	480	420	375	(1,389)
Provision for tax	38	32	-	-
Deferred Tax	82	110	231	450
Profit/(Loss) after tax	360	278	144	(939)

Balance Sheet (Rs. Lacs)	As at			
	Sep 30, 2004 (unaudited, certified)	March 31, 2004 (audited)	March 31, 2003 (audited)	March 31, 2002 (audited)
SOURCES OF FUNDS				
Share Capital	1,782	1,782	1,782	1,782
Reserves and Surplus	1,870	2,397	2,397	2,397
Loan Funds	41,998	39,679	16,169	15,937
Deferred Credits	414	400	-	.56
Total Sources of Funds	46,591	44,258	20,348	20,117
APPLICATIONS OF FUNDS				
Net block	11,239	9,276	8,229	6,701
Capital work in progress		1,825	169	40
Investments	11,919	10,919	8,604	8,796
Net current assets	23,196	21,601	2,318	3,156
Miscellaneous expenditure	52	10	14	35
Deferred Tax Asset(Net)	27	109	219	450
Debit Balance in Profit & Loss Account	158	518	795	939
Total Application of Funds	**46,591**	**44,258**	**20,348**	**20,117**

Other Financial Data	As at and for the Six months ended Sep 30, 2004	As at and for the year ended March 31, 2004	As at and for the year ended March 31, 2003	As at and for the year ended March 31, 2002
Dividend (% of face value)	0%	0 %	0 %	0 %
Earnings per Share (Basic/Diluted) (“EPS”) (Rs.)	2.02	1.56	0.81	(34.45)/(5.27)
Return on Net Worth (%)	8.9%	7.6%	4.25%	(-56.77) %
Number of Shares	17,820,603	17,820,603	17,820,603	2,726,632
Book Value per Share (Rs)	22.56	20.55	18.99	118.82

Note:(1) Dividend (%) = Dividend paid / Average No. of shares outstanding / Par value per share; (2) EPS = Profit After Tax / No. of shares outstanding; (3) Return on Net Worth = Profit after Tax / Net Worth at year-end; (4) Book Value per share = Net Worth / No. of shares outstanding (Source: Annual Report & Company Data)

u) The Company’s contingent liabilities (consolidated) are as under:

CONTINGENT LIABILITIES (Rs lacs)	Six months ended September 30, 2004	Year ended		
		March 31, 2004	March 31, 2003	March 31, 2002
Estimated amount of Contracts to be executed on Capital account and not provided for	507	551	63	28
Sales Tax demands under appeal	78	83	213	27
Labour related liabilities	6			
Excise Duty/Customs Duty demands under appeal	82	103	35	49
Claims against the Company not acknowledged as debt	1,232	1,162	1203	253
Future commitments for Interest/ lease rental payable on deferred credits/lease	220	106	334	1120
Letter of Credit outstanding		209	259	238
Guarantees given for loans availed by the Company/Subsidiaries/ Associates	7,305	7,309	10,162	7,212
Guarantee given for a put option for investment in a Subsidiary. The option is already exercised.	2,627	2,627	2,047	2,047
Dividend on Cumulative preference shares placed with Associated Breweries & Distilleries Ltd. not provided for (relates to years ended March 31, 2002 and March 31, 2003 due to inadequacy of profits)	1,219	1,219	813	406
Income Tax demands under appeal		5	7	7
Consideration payable to the erstwhile promoters of ABDL withheld against possible tax benefits if any availed by ABDL towards its future profits	323	323		

Commitment as per the joint venture agreement to place funds in the form of Preference Capital	1,000	2,000		
Guarantee given by MBDL to the excise department			2	21
Liability upon foreclosure of an Interest swap with a bank	143			

The Company's contingent liabilities are as under:

CONTINGENT LIABILITIES (Rs lacs)	**Six months ended September 30, 2004**	**Year ended**		
		March 31, 2004	**March 31, 2003**	**March 31, 2002**
Estimated amount of Contracts to be executed on Capital account and not provided for	480	551	63	28
Sales Tax demands under appeal	78	82	212	26
Labour related liabilities	6			
Excise Duty/ Customs Duty demands under appeal	82	103	35	49
Claims against the Company not acknowledged as debt	1,232	971	1,054	99
Future commitments for Interest/lease rental payable on deferred credits/lease	220	106	334	1,120
Letter of Credit outstanding		209	259	238
Guarantees given for loans availed by the Company/Subsidiaries/Associates	7,305	7,309	10,162	7,212
Put option for investment in a Subsidiary. The option is already exercised by the holders but disputed by the Company	2,627	2,627	2,047	2,047
Consideration payable to the erstwhile promoters of ABDL withheld against possible tax benefits if any availed by ABDL withheld against possible tax benefits if any availed by ABDL towards its future profits	323	323		
Commitment as per the joint venture agreement to place funds in the form of Preference Capital	1,000	2,000		
Liability upon foreclosure of an Interest swap with a bank	143			

v) Comparison of Results

Year ended March 31, 2004 compared to year ended 31 March 2003

The Company has achieved a growth of 9% in volumes sold during the year bringing the total to 33.10 million cases. During the same period the industry is estimated to have grown by 2%.

Net sales for the year under review stood at Rs. 4537 million as against Rs.3954 million in the previous year representing a growth of 14.74% over the comparable figure in the previous year

The Company's market share improved by 300 basis points to 40%, replicating a growth of 300 basis points in the previous year. Significantly, in a very short span of time, Kingfisher Strong has established a sizeable 20% market share of the Strong Beer market, making it one of the most successful brand launches in the industry in recent times.

Despite unprecedented cost push during the year, the PBIDT for the year under review was Rs.433.3 million as against the Previous Year figure of Rs. 453 million.

The profit after taxation during the year is Rs.27.80 million as against a profit of Rs.14.40 million in the previous year.

Year ended March 31, 2003 compared to year ended 31 March 2002

The Company has achieved a growth of 17.2% in volumes sold during the year bringing the total to 30.5 million cases. During the same period the industry is estimated to have grown by 12%.

Net Sales for the year under review stood at Rs 4,050 mm representing a growth of 11% over a comparable figure in the full previous year of brewing operations.

The Company's market share improved by 300 basis points to 37% on top of a growth of 200 basis points in the previous year. Significantly, in a very short span of time, Kingfisher Strong has established a sizeable 17% market share of the fast growing strong beer market.

The PBIDT for the year under review was Rs. 453 mm, an improvement of 26% over comparable numbers for the previous full year.

The Profit after Taxation during the year was Rs. 14.4 mm as against a loss of Rs. 93.9 mm.

w) The compliance officer of the Company is Mr. Govind Iyengar (Company Secretary). He can be reached at United Breweries Limited, UB Anchorage, 100/1, Richmond Road, Bangalore - 560 025, Tel: +91 80 2227 2806; +91 22 2227 2807, Fax: +91 80 2212 7212, +91 80 2222 9488

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

a) The Shares of UBL are listed on the BSE, BgSE, CoSE, CSE, MSE, LSE, ASE, HSE and DSE. Based on the information available, the Shares of UBL are frequently traded on the BSE *(Source: BSE website, www.bseindia.com)* within the meaning of explanation (i) of Regulation 20 (5) of the SEBI (SAST) Regulations.

b) The annualized trading turnover during the preceding six months ended November 30, 2004 in each of the stock exchanges on which the Shares of UBL are listed is detailed below:

Name of Stock Exchange	Total number of Shares traded during the preceding six calendar months ended November 30, 2004	Total number of listed Shares	Annualized trading turnover (in terms of % of total listed Shares)	Trading Status in terms of the SEBI (SAST) Regulations
BSE	1,157,215	17,820,603	13%	Frequently Traded
MSE	0	17,820,603	0%	No Trading
CoSE	0	17,820,603	0%	No Trading
CSE	0	17,820,603	0%	No Trading
LSE	0	17,820,603	0%	No Trading
HSE	0	17,820,603	0%	No Trading
ASE	0	17,820,603	0%	No Trading
BgSE	0	17,820,603	0%	No Trading
DSE	0	17,820,603	0%	No Trading

(Source: various stock exchanges)

c) The Offer Price of Rs. 575/- (Rupees Five Hundred and Seventy Five only) per Share is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations as it is the highest of the following:

a.	Negotiated Price (Price as per the Subscription Agreement)	Rs. 575/-
b.	Highest Price paid by Acquirer for any acquisition including by way of allotment in a public or rights or preferential issue during the 26-weeks prior to the Board Meeting Date, i.e., December 19, 2004	NIL
c.	The average of weekly high and low of the closing prices of the Shares of UBL during the 26-weeks preceding the Board Meeting Date on BSE(1)	

Week #	End date	High (Rs.)	Low (Rs.)	Avg. (Rs.)	Volume
1	Friday-25-Jun-04	90.10	81.25	85.68	1,425
2	Friday-2-Jul-04	88.30	81.80	85.05	1,413
3	Friday-9-Jul-04	88.00	82.15	85.08	2,895
4	Friday-16-Jul-04	89.00	81.20	85.10	8,678
5	Friday-23-Jul-04	88.25	84.00	86.13	2,573
6	Friday-30-Jul-04	89.25	86.35	87.80	1,803
7	Friday-6-Aug-04	90.80	84.00	87.40	6,076
8	Friday-13-Aug-04	99.50	86.40	92.95	17,768
9	Friday-20-Aug-04	100.50	92.20	96.35	20,860
10	Friday-27-Aug-04	99.05	93.00	96.03	11,227
11	Friday-3-Sep-04	110.45	105.40	107.93	31,699
12	Friday-10-Sep-04	133.15	115.95	124.55	37,781
13	Friday-17-Sep-04	120.90	115.80	118.35	55,486
14	Friday-24-Sep-04	123.75	116.55	120.15	30,198
15	Friday-1-Oct-04	125.55	119.45	122.45	16,338
16	Friday-8-Oct-04	116.00	108.25	112.13	14,038
17	Friday-15-Oct-04	114.00	108.85	111.43	13,245
18	Friday-22-Oct-04	128.55	120.45	124.50	18,303
19	Friday-29-Oct-04	136.55	125.30	130.93	27,274
20	Friday-5-Nov-04	229.00	148.30	188.65	112,020
21	Friday-12-Nov-04	236.30	220.25	228.28	139,459
22	Friday-19-Nov-04	324.00	221.40	272.70	197,282
23	Friday-26-Nov-04	352.45	335.70	344.08	273,667
24	Friday-3-Dec-04	397.55	370.05	383.80	276,128
25	Friday-10-Dec-04	399.15	380.15	389.65	216,426
26	Friday-17-Dec-04	501.95	413.30	457.63	364,437
	26 weeks average			**162.84**	

(1) Source: BSE web site

d.	The average of daily high and low prices of the Shares of UBL during the 2-weeks preceding the Board Meeting Date on BSE[(1)]

Day #	End Date	High (Rs.)	Low (Rs.)	Avg. (Rs.)	Volume
1	December 6, 2004	416.00	385.00	400.50	23,259
2	December 7, 2004	407.00	393.00	400.00	126,870
3	December 8, 2004	408.00	379.50	393.75	16,284
4	December 9, 2004	399.15	385.00	392.08	23,228
5	December 10, 2004	416.00	391.10	403.55	26,785
6	December 13, 2004	414.50	400.00	407.25	49,482
7	December 14, 2004	433.95	419.80	426.89	16,171
8	December 15, 2004	455.60	455.60	455.60	14,854
9	December 16, 2004	478.35	445.00	461.68	131,543
10	December 17, 2004	501.95	476.95	489.45	152,387
	2 Weeks Average			**423.07**	

(1) Source: BSE web site

d) The Offer Price of Rs. 575/- (Rupees Five Hundred and Seventy Five only) per Share is also justified in terms of Regulation 20(5) of the SEBI (SAST) Regulations, which considers the following:

a.	Negotiated Price (Price as per the Subscription Agreement)	Rs. 575/-
b.	Highest Price paid by Acquirer for any acquisition including by way of allotment in a public or rights or preferential issue during the 26-weeks prior to the Board Meeting Date, i.e., December 19, 2004	NIL
c.	Other financial parameters based on the audited financials for the year ended March 31, 2004 of UBL are: Return on Average Net-worth of 7.60% Book Value per share of Rs. 20.49, Earnings per Share of Rs 1.56, P/E multiple of 368.59 (based on the Offer price) and Industry P/E multiple of 27.4x (source : Capital Market Vol. XIX/21 dated December 21, 2004 - January 2, 2005 Industry: Breweries & Distilleries	

e) In the opinion of the Manager to the Offer and Acquirer, the Offer Price is justified.

f) If the Acquirer acquires Shares after the date of the Public Announcement up to seven (7) working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

6.2 Financial Arrangements

a) The total funding requirement for the acquisition of up to 4,320,025 shares held by shareholders in UBL at Rs. 575/- per share is Rs. 2,484,014,375 (Rs. Two Billion Four Hundred Eighty Four Million Fourteen Thousand Three Hundred and Seventy Five Only). S&N, as the sole shareholder of SNIL has vide its letter dated December 21, 2004 confirmed that adequate financial resources will be made available to SNIL to fulfil its financial obligations arising out of the Offer. S&N, has agreed to make available the requisite funds to meet the obligations under Regulation 29 of SEBI (SAST) Regulations. The Manager to the Offer is satisfied about the ability of the Acquirer along with PACs to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfil the obligations under the SEBI (SAST) Regulations.

b) In accordance with Regulation 28 of the SEBI (SAST) Regulations, SNIL has made a cash deposit of GBP 5.13 million (equivalent to Rs. 436 million) being in excess of the amount required under Regulation 28(2) of the SEBI (SAST) Regulations, i.e., 25% for the first Rs. 1,000 million and 10% thereafter, in a bank account with HSBC Bank plc, 8, Canada Square, London E145 HQ. DSPML has been authorized to realize the value of the aforesaid bank account. This amount will be transferred from the aforesaid bank account to a scheduled commercial bank in India after the requisite approval has been obtained from RBI for opening and operating the Escrow Account in India.

7. TERMS AND CONDITIONS OF OFFER

7.1 Statutory Approvals required for the Offer

a) The Offer is subject to the receipt of approval from (i) the FIPB and (ii) the RBI, under the FEMA for the acquisition of Shares by the Acquirer under Preferential Issue and the Offer.

Besides the above approvals from the FIPB and the RBI, as on the date of the Public Announcement, no other statutory approvals are required to acquire the Shares tendered pursuant to this Offer. In the event that any of the statutory approvals that are required (i.e., the approvals from the FIPB and the RBI) are not obtained in terms of Regulation 27 of the SEBI (SAST) Regulations, the Acquirer and the PAC will not proceed with the Offer.

b) In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the tendering shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of wilful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

7.2 Others

a) The Letter of Offer, together with the Form of Acceptance, will be mailed to the shareholders of UBL (excluding the Acquirer and the Parties to the Subscription Agreement), whose names appear on the register of members of UBL, and to the beneficial owners of the Shares of UBL, whose names appear as beneficiaries on the records of the NSDL or Central Depositary Services (India) Limited ("CDSL") (collectively the "Depositories"), at the close of business on January 21, 2005 ("Specified Date").

b) Holders of Shares in physical form who wish to tender their Shares will be required to send the Form of Acceptance, original share certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer - Karvy Computershare Private Limited, 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034, Telephone number: (040) 2331 2454, Fax number: (040) 2331 1968, either by hand delivery on weekdays or by registered post, on or before the closure of the Offer, i.e., no later than 1900 hours on February 26, 2005 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance.

c) The Registrar to the Offer, M/s Karvy Computershare Private Limited has opened a special depository account with DSP Merrill Lynch Ltd. at NSDL called, "Escrow Account - UBL Limited Offer" (the "Special Depositary Account"). The details of the Special Depository Account are as under:

DP Name	DSP Merrill Lynch Limited
DP	IN 302638
Client ID	10008848

Shareholders of UBL having their beneficiary account with the CDSL must use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the Special Depository Account with the NSDL.

d) Beneficial owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance along with a photocopy of the delivery instruction in "Off-market" mode, or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the Special Depository Account to the Registrar to the Offer - Karvy Computershare Private Limited, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034, Telephone number: (040) 2331 2454, Fax number: (040) 2331 1968, either by hand delivery on weekdays or by registered post, on or before the closure of the Offer, i.e., no later than February 26, 2005, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance. The credit for the delivered Shares should be received in the Special Depository Account on or before closure of the Offer, i.e., no later than 1900 hours on February 26, 2005.

e) All owners (registered or unregistered) of Shares of UBL, (excluding the Acquirer and the parties to the Subscription Agreement) are eligible to participate in the Offer any time before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with name; address; number of Shares held; number of Shares offered; distinctive numbers; folio number; together with the original share certificate(s); valid transfer deed(s) and the original contract note issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.

f) The acceptance of the Offer made by the Acquirer is entirely at the discretion of the shareholders of the Target Company. The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

g) Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

h) Certain financial details contained in this document quoted in Rupees are denominated in GBP. The Rupee equivalent quoted in each case is calculated in accordance with the RBI reference rates as on December 21, 2004, namely 1 GBP = Rs. 85.1647 (Source: www.rbi.org.in)

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

a) Shareholders of UBL who wish to avail of this Offer are free to offer their shareholding in whole or in part and should forward the under mentioned documents to the Registrar to the Offer at their office at Karvy Computershare Private Limited, 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034, Telephone No.: (040) 2331 2454, Fax no.: (040) 2331 1968, either by hand delivery on weekdays or by registered post, on or before the closure of the Offer, i.e., no later than 1900 hours on February 26, 2005 or at the collection centres, so as to reach the Registrar/collection centres on or before the close of business hours, i.e., no later than 1900 hours on February 26, 2005 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance. Shareholders are advised to ensure that the Form of Acceptance and other documents are complete in all respects, otherwise the same is liable to be rejected. In the case of Shares in dematerialised form, the shareholders are advised to ensure that their Shares are credited in favour of the Special Depository Account before the closure of the Offer. The Form of Acceptance of such Shares in dematerialised form, not credited in favour of the Special Depository Account before the closure of the Offer, will be rejected.

i. For Shares held in physical form:

Registered Shareholders should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original share certificate(s).
- Valid share transfer forms duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with UBL and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with this Letter of Offer.

Unregistered owners should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein.
- Original share certificate(s).
- Original broker contract note.
- Valid share transfer form(s) as received from the market.
- The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of SNILas buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

ii. For Shares held in dematerialised form:

Beneficial owners should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, as per the records of the DP.
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
- For each delivery instruction, the beneficial owner should submit separate Form of Acceptance.

b) The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer, Acquirer or UBL.

c) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer on a plain paper stating acceptance of the Offer along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer, i.e., no later than 1900 hours on February 26, 2005.

Persons holding Shares in physical form are required to state the following details: name; address; number of Shares held; distinctive number; folio number, number of Shares offered.

Persons holding Shares in dematerialized form are required to state the following details: name; address; number of Shares held; number of Shares offered; DP name; DP ID; beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account.

Eligible persons can also write to the Manager to the Offer requesting for the Letter of Offer and Form of Acceptance and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer, on or before the closure of the Offer, i.e., no later than 1900 hours on February 26, 2005. Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer. Alternatively, the Letter of Offer and Form of Acceptance will be available on SEBI's website (www.sebi.gov.in), from the date of opening of the Offer. Eligible persons can download the Form of Acceptance from the SEBI website and apply using the same.

d) If the aggregate of the valid responses to the Offer exceeds the Offer size of 4,320,025 Shares of UBL (representing 20% of the Post Issue Equity Capital of UBL), then the Acquirer shall accept the Shares received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The Shares of UBL are compulsorily traded in dematerialized form and hence minimum acceptance will be one (1) Share.

e) Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the Special Depository Account is received on or before the date of closure of the Offer, i.e., no later than 1900 hours on February 26, 2005, else their application would be rejected.

f) While tendering Shares under the Offer, non-resident Indians ("NRIs")/overseas corporate bodies ("OCBs")/foreign shareholders will be required to submit the previous approvals from the RBI (specific or general) that they would have obtained for acquiring Shares of UBL. In case the previous approvals from the RBI are not submitted, the Acquirer reserves the right to reject such Shares tendered.

g) While tendering Shares under the Offer, NRI/OCBs/foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such NRI/OCB/foreign shareholder.

h) In addition to the address mentioned in subsection 7(1), the shareholders of UBL who wish to avail of and accept the Offer can also deliver the Form of Acceptance along with all the relevant documents at any of the collection centres mentioned below in accordance with the procedure as set out in this Letter of Offer. All the centres mentioned herein below would be open as follows:

#	Address	Contact Person	Delivery Mode	Phone Nos	Fax No
1	16/22 Bake House, Maharashtra Chamber of Commerce Lane, Opp MSC Bank Fort, Mumbai 400 023	Ms.Nutan Shirke	Hand Delivery	022-56382666	022-56331135
2	7, Andheri Industrial Estate, Off Veera Desai Road, Andheri West Mumbai 400 053	Ms.Vishakha Shringarapure	Hand Delivery	022-26730799	022-26730152
3	TKN Complex No 51/2, Vanivilas Road, Basavanagudi Bangalore 560 004	Ms.Shashikala	Hand Delivery	022- 26621184/ 26621192	022- 26621169
4	201-203- "Shail" Opp. Madhusudan House Off CG Road, Ahmedabad 380 006	Mr.Edward	Hand Delivery	079-26420422/ 26400527	079-26565551
5	G1,Swathy Court, 22, Vijayaraghava Road T Nagar, Chennai 600 017	Mr.Gunasekhar	Hand Delivery	044- 28153445/ 28151034	044- 28513181
6	Karvy House, 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad 500 034	Ms. A Anitha	Hand Delivery/ Registered Post	040-23312454 / 23320251	040- 23312946
7	49, Jatin Das, Road Kolkatta 700 029	Mr.Sujit Kundu	Hand Delivery	033- 24647231/ 24644891	033-24644866
8	105-108, Arunachal Bldg, 19, Barakhamba Road, Connaught Place New Delhi 110 001	Mr. Michael George	Hand Delivery	011- 23324401-5	011-23324621
9	Off. No.6, 3rd floor, Rachana Trade Centre, Law College Road, SNDT Circle, CGS No. 105, Erandwane Pune 411 004	Ms. Sarika Belote	Hand Delivery	020- 4048790 (5 lines)	020-25456842

The timings are Monday to Friday 10 AM to 7 PM & Saturdays 10 AM to 1 PM, except on February 26, 2005 on which day the timings shall be 10 AM to 7 PM.

i) Shareholders who cannot hand deliver their documents at the collection centres referred above, may send the same by registered post, at their own risk and cost, to the Registrar to the Offer at their address given below:

Karvy Computershare Private Limited, 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034. Telephone No.: +91 40 2331 2454, Fax no.: +91 40 2331 1968.

j) In terms of Regulation 22 (5A) of the SEBI (SAST) Regulations, shareholders desirous of withdrawing their acceptance tendered by them in the Offer, may do so up to three (3) working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before Tuesday, February 22, 2005.

k) The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed with this Letter of Offer.

i. Shareholders should enclose the following:

For Shares held in demat form:

Beneficial owners should enclose

- Duly signed and completed Form of Withdrawal.
- Acknowledgement slip in original / copy of the submitted Form of Acceptance in case delivered by Registered A.D.
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP.

For Shares held in physical form:

Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal.
- Acknowledgement slip in original/ copy of the submitted Form of Acceptance in case delivered by Registered A.D.
- In case of partial withdrawal, valid share transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with UBL and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal.
- Acknowledgement slip in original/ copy of the submitted Form of Acceptance in case delivered by Registered A.D.
- In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details
  - In case of physical Shares: name; address; distinctive numbers; folio number; number of Shares tendered and
  - In case of Shares in dematerialised form: name; address; number of Shares offered; DP name; DP ID; beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favour of the Special Depository Account.

ii. The withdrawal of Shares will be available only for the share certificates/ Shares that have been received by the Registrar to the Offer/ Special Depository Account.

iii. The intimation of returned Shares to the Shareholders will be at the address as per the records of UBL or the Depositories as the case may be.

iv. The Form of Withdrawal should be sent only to the Registrar to the Offer.

v. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from UBL.

vi. Partial withdrawal of tendered Shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

vii. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

l) In case of delay in receipt of statutory approvals beyond March 8, 2005, interest will be payable for the delayed period in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of wilful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

m) Payment of consideration will be made by crossed account payee cheque / demand draft and sent by registered post, to those shareholders/unregistered owners and at their own risk, whose Shares/Share certificates and other documents are found in order and accepted by the Acquirer. In case of joint registered holders, cheques /demand drafts will be drawn in the name of the sole/first named holder/ unregistered owner and will be sent to him/her. It is desirable that shareholders provide bank details in the Form of Acceptance, so that the same can be incorporated in the cheque / demand draft.

n) Unaccepted or withdrawn share certificate(s), transfer form(s) and other documents, if any, will be returned by registered post at the shareholders'/unregistered owners' sole risk to the sole/first named shareholder/unregistered owner. Unaccepted or withdrawn Shares held in demat form will be credited back to the beneficial owners' depositary account with the respective depositary participant as per the details furnished by the beneficial owner in the Form of Acceptance.

o) The Registrar to the Offer will hold in trust the Share(s)/Share certificate(s), Shares lying in credit of the Special Depository Account, Form of Acceptance, if any, and the transfer form(s) on behalf of the shareholders/unregistered owner(s) of UBL, who have accepted the Offer, till the cheques / drafts for the consideration and/or the unaccepted Shares/share certificates are despatched / returned.

9. DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of UBL at the Mumbai office of the Manager to the Offer, DSP Merrill Lynch Limited, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and Holidays, until the Offer closes:

1. Subscription Agreement between UBL, SNIL and S&N
2. Shareholders' Agreement between between the VJM Group, SNIPL, SNIL, S&N and UBL
3. Framework Agreement between SNIPL, UBL, the VJM Group, United Breweries (Holdings) Limited, Scottish Courage Limited, S&N and SNIL
4. Memorandum & Articles of Association of the Acquirer and the PACs
5. Memorandum & Articles of Association of UBL
6. Audited financial statements of SNIL for the financial periods ended December 31, 2003, April 27, 2003 and April 28, 2002 and for the 6 months ended June 30, 2004 (unaudited)
7. Audited financial statements of UBL for the financial years ended March 31, 2004, March 31, 2003, and M arch 31, 2002 and for 6 months ended September 30, 2004 (unaudited).
8. Published copy of Public Announcement dated December 23, 2004.
9. Letter from S&N, as the sole shareholder of SNIL, dated December 21, 2004 confirming that adequate financial resources will be made available to SNIL to fulfil its financial obligations arising out of the Offer.
10. SEBI observation letter dated January 25, 2005.
11. Escrow Agreement dated December 21, 2004 between S&N, DSP Merrill Lynch Limited and HSBC Bank plc.

10. DECLARATION BY ACQUIRER AND PACs

SNIL, S&N and SNIPL accept responsibility for the information contained in this Letter of Offer and for fulfilment of their obligations under the SEBI (SAST) Regulations.

Scottish & Newcastle India Limited

Authorized Signatory

Place: Edinburgh
Date: January 29, 2005

Scottish & Newcastle plc

Authorized Signatory

Place: Edinburgh
Date: January 29, 2005

Scottish & Newcastle India Private Limited

Authorized Signatory

Place: Mumbai
Date: January 29, 2005

Encl :
1. Form of Acceptance
2. Form of Withdrawal
3. Transfer deed for shareholders holding Shares in physical form.