It gives me great pleasure to present a special supplement showcasing some of the finest achievements of the UB Group right from its inception.

While Mr. Vittal Mallya laid the foundations of a truly great company, his son carried the legacy to dizzy heights and it can be rated as one of the finest alcobev companies in the world.

With 21 Millionaire brands, and sales of 113 million cases of spirits and 125 million cases of beer the company is poised to reach the 200 million cases as early as 2015. It is perhaps indeed a monumental achievement for Dr. Vijay Mallya who has built the company from just 2.8 million cases of spirits both organically and inorganically to its current status.

My first brush with Dr. Vijay Mallya, was at a press conference 18 years ago and I have always been impressed with his precise responses to any questions, perhaps underlining the thoroughness of the knowledge he possesses of the alcobev industry.

It is perhaps one of the key reasons Ambrosia presented the lifetime achievement award to Dr. Vijay Mallya at a board meeting where the likes of Mr. Adi Godrej was present. It was my honour indeed to present him this award.

But perhaps my biggest impression of Dr. Mallya the Statesman was at the World Whisky Conference in Glasgow, where he was the keynote speaker. Mallya addressed the cream of Scotch Whisky Distillery owners on the vagaries of the Indian market, the challenges of marketing in a regulated environment where thirty different sets of laws apply and the need to have a level playing field. While the Scotch producers were eager to reduce taxes in India, Dr. Mallya was equally emphatic on the need to define Indian whisky and not as rum as the western world projected it.

With Mallya in pole position in the global arena, perhaps he will now look at other promising markets globally to further increase his foot print. Premiumisation will be a game plan that the company would also pursue. With a burgeoning volume growth, a robust value growth would be the perfect prescription, Dr. Vijay Mallya would like to script.
Contents

Vittal Mallya: Leading from the Front
Snapshots from the Past
Vijay Mallya: The Art of being No. 1
Sidhartha Mallya: Readying for Pole Position

Vijay Rekhi: Mantras for becoming No. 1
UB Group: Success in its DNA
Kalyan Ganguly: UBL Reaffirms Dominate Position
Supplement with AmbroSiA April 2011 Issue

LEADING FROM THE FRONT

After having conquered India, USL has captured the world. UBL too is not far behind. With its iconic Kingfisher brand making headway on all fronts it is the dawn of a new beginning. Ambrosia pays tribute to the man who started it all.

Vittal Mallya (1925 – 1983) was an Indian entrepreneur best known as the former Chairman of the India-based United Breweries Group. He has now passed the mantle on to his son, Dr. Vijay Mallya who has taken the company to dizzy heights.

Youngest of the three children of an army doctor Lt Col Bantwal Ganapathi Mallya, Vittal Mallya capped an academic career with two of India’s most prestigious educational institutions (Doon School and Presidency College) and travelled abroad for over two years to gain first-hand, practical knowledge that he believed to be more valuable than formal education. All those who knew Vittal Mallya remember him for his simplicity. And his excellent acumen of accounting, a trait which helped the Dhaka-born Mallya invest heavily in shares of the United Breweries in the late 40s with an eye on its eventual acquisition.

In 1947, at the age of 22, Mallya was elected as United Breweries’ first Indian director. After a year, he replaced R. G. N. Price as the Chairman of the company.

Mallya initially operated from Calcutta and married much later, after he became the Chairman of United Breweries Limited. He migrated to Bangalore with his wife, Lalitha Ramaiah and son, Vijay in 1958.

Vittal Mallya was not a man to rest on his laurels. He continued to pursue opportunities in the Alcoholic Beverages business and at the same time diversified into Polymers and Batteries in addition to Pharmaceuticals and Foods that the Company had been making till then. Old-timers fondly recall how he remembered his son’s losing one paise while playing and registered the amount against his account.

Despite ill health that followed a massive heart attack at a relatively young age of 39, Mallya slowly and steadily built the UB Empire and diversified into a host of allied businesses. His business acumen was evident when he defied all odds to acquire a host of breweries during the heady days of prohibition of the Janata Party regime of Morarji Desai.

In the early ‘80s, Mallya started handing over the mantle of control - primarily beer and spirits - of the large UB Empire to his son Vijay, whom he had sent to the United States and England to train with some of the best global corporations. At the same time, he encouraged his son to expand the business beyond the shores of India and subsequently opened offices in New York and London. Today, the UB Group is the largest volume based drinks conglomerate in the world.

Till his death in 1983, Vittal Mallya remained the idol of millions who adored him for his tenacity in understanding people both rich and poor.

Till his sudden death in 1983, Mallya remained the idol of millions who adored him for his tenacity in understanding people both rich and poor. The current UB headquarters is located on Vittal Mallya Road in Bengaluru, fondly named after one of its illustrious leaders.
United Spirits is synonymous with McDowell’s, one of its flagship brands. The grandson of distillery king Angus McDowell set up the Indian distillery in Bangalore in 1898 as an overseas branch of McDowell of Scotland, established in 1828. The name McDowell evokes the celebrated Scottish tradition of distilling quality spirits. In the late nineteenth century, Angus McDowell set out from the scenic Northern lands of Gaelic Britannica to realise his dream. He wanted the best products (including wines and spirits) of his homeland to reach thousands of expatriate Britons in various corners of the Empire. It was thus that the McDowell Company came into being.

It had its origins in a warehouse near Fort St. George in Chennai, which in those days was a major trading centre of the British empire. In 1898, McDowell was incorporated as a Company with Messrs A.M. Hooper, G.D. Coleman and G.A. Ruppell as its principal shareholders. Its initial capital, comprising 4,000 Preference Shares of ₹100 each and 4,000 Ordinary Shares of ₹100 each, was ₹8,00,000.

McDowell essentially imported consumer items including wines and spirits & cigars and tea to cater to the English population in India. In 1951, McDowell & Co. Ltd. was acquired by Vittal Mallya, founder of The UB Group, and became a subsidiary of United Breweries Limited.

Under the dynamic guidance of Vittal Mallya, the Company became the first to manufacture Indian substitutes of foreign liquor. This gave rise to a new term – IMFL (Indian Made Foreign Liquor). McDowell has since then been the undisputed market leader and one of the largest and fastest moving consumer goods companies in the country.

In 1959 Vittal Mallya established the first distillery in Cherthala, on the banks of Kerala’s famed Vembanad Lake. McDowell’s also began bottling Bisquit Brandy Dorville French Brandy, from imported concentrates. The first ever distillation plant in the country to produce Extra Neutral
In 1963-64, following the termination of the import contract for No. 1 Bisquit Brandy, McDowell's launched its own McDowell's No. 1 Brandy, creating the template for the No. 1 brands that follow.

Alcohol with the French collaboration, was commissioned in Cherthala in 1961. It began bottling Beehive French Brandy for Herbertsons Limited of the Anglo Thai Group.

The Cherthala distillery launched Golden Grape Brandy the next year, its first product, created in-house. Demand in South India was so great, that the brandy has to be rationed. More brands followed and the distillery began processing grapes from Kodaikanal's vineyards, to manufacture brandies, while also bottling imported Cinzano Vermouth. Red, Dry and Bianco.

However in 1963-64, following the termination of the import contract for No. 1 Bisquit Brandy, McDowell's launched its own McDowell's No. 1 Brandy, creating the template for the No. 1 brands that follow.

Vittal Mallya also acquired Carew & Co with distilleries in Rosa (UP), Asanson (West Bengal) and Darsana (East Bengal now Bangladesh).

The Rosa plant was known for manufacturing the country’s only ten-years-old rum, Carew’s Rum. Carew’s other popular brands include Blue Riband Gin, Booth’s Gin, Carew’s Dry Gin, Carew’s Imperial Whisky, Carew’s Find Brandy and Doctor’s Brandy.

Vittal Mallya also acquired Phipson & Co, Calcutta, thus creating a national footprint in Spirits business.

Later in 1968, McDowell’s No. 1 Whisky was launched and proved to be an instant success. Today, McDowell’s No. 1 Whisky is the flagship brand of United Spirits Limited. Between 1969-73, McDowell’s Hyderabad distillery was commissioned, followed by one in Ponda (Goa) in 1971 and in Hatidah (Bihar) in 1973.

By 1975 Vittal Mallya acquired Herbertsons.
Vijay Mallya changed the company culture to that of an FMCG. The Company soon earned the reputation for innovation in product development and marketing strategy.

He changed the company culture to that of an FMCG. The Company soon earned the reputation for innovation in product development and marketing strategy. In 1987, McDowell's Headquarters shifted from Chennai to Bangalore and the Group soon created a full-fledged Technical Development Centre, one of Asia’s finest where continuous research work is carried out for product and process development.

USL and the beer company United Breweries Ltd (UBL) has come a long way from the time Vijay Mallya took over the reins from his father in 1983. Today USL and UBL have crossed the mark of 100 million cases in the current fiscal.

The success of the group is attributed to its huge product range with brands at every price point. The company is known for getting customers to move up the value chain moving from one USL brand to another. Over the years, McDowell’s No. 1 Rum was launched – Celebration (Dark) and Carribean (White). Around 1991-92, McDowell's acquired the spirits business of Forbes Campbell & Company Limited with manufacturing facilities at Nashik and its brand portfolio.

McDowell's also launched Asia’s first Single Malt, Duet Gin and Vodka variants. India's first joint venture in alcoholic beverages was created - United Distillers India is formed United Distillers p.l.c of UK.

Black Dog 12YO Deluxe Scotch, Black and White, VAT 69 and White Horse are bottled in India at Group's Nashik Unit.

A prized new product, slated to be the ‘Best Indian Whisky,’ was introduced in 1994. A well-rounded bouquet of Indian peated malts with a generous infusion of exclusive Scotch. The whisky was named McDowell’s Signature and is today one of the key brands in the company portfolio.

An immediate success, the brand won kudos even internationally. The Grand Gold at the Monde Selection 06-07, a Silver and Best in Class at the International Wine & Spirits Competition and a Bronze at the Concurs Mondial De Bruxelles.

By 1995 Carew Phipson Limited, Consolidated Distilleries Ltd and a few other companies merge into McDowell’s which now owns 9 manufacturing facilities.

The year 1998 was a significant one. McDowell & Co celebrated its centenary. With five millionaire brands in its portfolio: No. 1 McDowell's Whisky with annual sales of over 2.5 million cases, No. 1 McDowell's Brandy with annual sales in excess of 2 million cases and Celebration Rum, Old Cask Rum and Diplomat Whisky with sales of over one million cases each.

United Spirits (UNITDSPR) was the spirits division of the UB Group. It was originally incorporated as McDowell & Co. in 1999. On the amalgamation of eight spirit companies into the company including Herbertsons, Triumph Distillers & Vintners and Shaw Wallace, the company got its current name in 2005.

Together, Shaw Wallace, McDowell’s, Herbertsons and Triumph Distillers & Vintners account for group sales exceeding 66 million cases with retail sale value of over ₹14,000 crore.

USL acquired Whyte and Mackay, the United Kingdom’s leading Scotch Distillers, for GBP 595 million. USL, became the world’s third largest spirits group, after Diageo of Britain and Pernod Ricard of France.

Glasgow based Whyte and Mackay commands close to 10 per cent share in the
world market for Scotch whisky. Its brands includes classics like Dalmore, Isle of Jura, Glayva, Fettercairn, and Mackinlays, besides the highly popular blended Scotch that is the Company’s namesake. In this year, USL also acquires Liquidity Inc., makers of Pinky Vodka.

With Scotch in its portfolio and a footprint across the UK, Europe and the USA there is now no holding USL back in its aspiration to become the largest spirits company in the world.

Now known as the United Spirits Limited (USL), is now the number one spirits company in terms of volumes. The company has plans to double these volumes in the next five years. It has 140 brands of which 22 sell a million cases, and boasts a 60 per cent market share with a CAGR of 15 per cent.

United Spirits, having clocked a volume of 100.2 million cases, has overtaken Pernod Ricard and Diageo to become the world’s second largest spirits company, second only to Diageo plc. USL and UBL control nearly 60 per cent turnover of all dealers and distributors and their brands have a 95 per cent presence across India’s 60,000 points of sale. According to company figures its alcobev business garnered a retail sales value of ₹38,200 crore, while also contributing ₹21,200 crore to the exchequer.

There is more good news for USL. The world’s biggest whisky market has 100 million Indians who are going to turn 18, and will enter the drinking age, and are potential UB customers.

The per capita consumption is only 0.9 litre and the number of people in the legally permissible age range will increase by 150 million in the current decade. The social stigma attached to drinking is fading, leading to higher consumption. This is enhancing sales of segments such as vodka, premium scotches and whisky. IMFL volumes are expected to grow 11-12%, excluding the upside from favourable regulatory changes. State taxes account for 70% of the maximum retail price of liquor and a rationalisation will increase demand significantly.

The Group has created a new history in the world of beverage alcohol by selling 740 million cases in about 25 years. The Indian spirits industry is pegged at 236 million cases and United Spirits has a 59 percent market share in the country in the segments it operates.

Wine is the next focus of their attention. The wine industry which is growing 35 per cent, USL commands an 8 per cent market share, This has been catered to by launching indigenous brands like Four Seasons and Zinzi. The premium end is being facilitated by French subsidiary Bouvet’s sparkling wines like Bouvet Tresor and Bouvet Brut. Bouvet is also lending expertise to USL’s state-of-the-art winery in Baramati, which once functional will push production from the current 2 million to 12 million and help USL capture 35 per cent market share in the next four years.

USL is expected to report volume sales of 113.5 million cases (of litre each) for the financial year ended March 31, 2011. The company believes it would have pipped Diageo Plc, makers of Johnnie Walker scotch whiskeys and Smirnoff vodka, as the world’s top selling spirits marketer during the year. Diageo’s recent $2.1 billion acquisition of Turkish spirits firm Mey Icki, with volume sales of six million cases, could make the volume race a close affair and No. 1 is just a matter of time.

UB Group chairman and alcobev billionaire Vijay Mallya is also set to change the top management which will be announced at the conclave.

USL now expects volume sales to touch 200 million cases in the next four to five years.
To be No.1 has always been a passion with Dr. Vijay Mallya in every endeavour he undertakes. It is no surprise that he has grown USL to become the biggest company in the world in terms of volume sales. Ambrosia traces his brilliant history and finds out how he feels on becoming No. 1.
It has been a remarkable year for all our companies. Both United Breweries & United Spirits have achieved landmarks with sales exceeding 100 million cases each. In the process, United Spirits with sales of 113 million cases has come within close proximity to being the world’s largest distiller, a position that should be achieved most probably in the current year, Dr. Mallya told shareholders recently. United Breweries Ltd. (UBL) has now exceeded 50 per cent market share in the highly competitive brewing space. Other businesses too have performed very well.

In a tough competitive beer industry, UBL's stable of market leading brands command a combined market share of more than 50% with a growth of 20 per cent which is twice the industry rate.

While Kingfisher Strong has emerged as India’s most popular beer, other variants such as Kingfisher Ultra, a super premium product, are also being enthusiastically received by the market.

Similarly, Dr. Mallya sees the prospect of significant growth in the wine segment. With a view to catering to the nascent demand, the company has acquired a French winery called Bouvet-Ladubay, and has also invested in India’s largest domestic winery located in the Baramati District of Maharashtra. Already the wines produced from this facility have begun to garner awards and recognition.

The demographic opportunity also ensures that there is a significant expansion of the addressable market size by the addition of new consumers reaching legal drinking age. Higher disposable incomes and changes to cultural and social outlook should facilitate greater penetration and as a result higher per capita consumption. This should provide a sustained opportunity for growth, which will be further accelerated by the upgrading from “Country Liquor” to branded IMFL products.

The UB Group is one of India’s largest conglomerates with annual sales of over US$ 4 billion and a market capitalization of approximately US$ 12 billion. The Group has diverse interests in brewing, distilling, real estate, engineering, fertilizers, biotechnology, information technology and aviation. It is also the largest Indian manufacturer of beverage alcohol (beer and spirits).

For Dr. Mallya it is a matter of great pride that he has taken his company to become the leading alcobev company in the world.

Vijay Mallya, was born on 18th December 1955, and has always been known for his kingsize image. He is the Chairman of United Spirits Limited, The United Breweries Group and Kingfisher Airlines, which draws its name from United Breweries Group’s flagship beer brand, Kingfisher and many other businesses.

Mallya was born in a family originally from the town of Bantwal (near Mangallore) in Karnataka. He is the son of Industrialist Vittal Mallya and Lalitha Ramaiah. His education was
Dr. Mallya, was elected by shareholders as Chairman of UB in 1983, at the age of 28. He previously assisted his father, the former Chairman, who passed away in the same year. Prior to being entrusted with the responsibilities of a classical Indian corporate conglomerate, Dr. Mallya worked for the American Hoechst Corporation (now Sanofi-Aventis) in the USA and with Jenson & Nicholson in the U.K. Since 1980, he assisted his father, the then Chairman of The UB Group, in managing the important Brewing and Spirits Divisions and in re-launching the Kingfisher Brand of Beer. In 1983, the sales volume of the UB Spirits division was approximately 2.85 million cases and UB’s beer business trailed behind that of Golden Eagle from Mohan Meakins.

Also included in the Group were activities such as pharmaceuticals, agrochemicals, paints, petrochemicals and plastics, the manufacture of electro-mechanical batteries, the manufacture of food products and carbonated beverages, a fast-food pizza chain and several medium and small scale industrial units.

Upon assuming the position of Chairman in October 1983, Dr. Mallya initiated the process of defining a corporate structure with performance accountability, inducting professional management and consolidating the unwieldy empire into individual operating divisions.

In 1988, Dr. Mallya became a non-resident Indian to pursue global opportunities and to transform the UB Group into India’s first multinational company. While, in the initial stages, overseas representative offices had been commissioned, the real break came in 1988 when Dr. Mallya, in a leveraged buyout, acquired the global Berger Paints Group with operating companies across four continents.

The exit strategy for this investment was profitably executed when Dr. Mallya successfully directed five Initial Public Offerings on the London, Singapore (Main Boards), Nairobi, Jamaica and Abidjan Stock Exchanges. The paints business was divested for significant
Dr. Mallya has received several professional awards both in India and overseas. He was conferred a Doctorate of Philosophy in Business Administration, by the Southern California University, Irvine. He has also been nominated as a Global Leader for Tomorrow by the World Economic Forum. He was conferred France’s highest civilian honour – Officier de la legion d’ Honneur.

value in 1996.

Dr. Mallya also founded a software company in the USA in 1993 which was subsequently listed on the NASDAQ in 1996 and which provides a considerable window of opportunity to the vast US market. He also initiated several ventures for the promotion and globalization of UB brands and, in particular, Kingfisher and McDowell.

In 1990, following the Government of India’s liberalised economic policies, Dr. Mallya decided that the UB Group would only retain interests in businesses that were globally competitive and which did not depend upon fiscal tariff protection. He also decided to focus on areas of core competence and transformed the vastly diversified UB conglomerate into a handful of key operating businesses. On entering the new millennium, the UB Group is considerably more focused and has dramatically increased value for its shareholders through its various operating businesses.

Dr. Mallya is the Chairman of public companies both in India as well as in the USA. He has been the Chairman of Aventis Pharma India (previously Hoechst) as well as the Chairman of Bayer Crop Science in India (previously Agrevo) for over 20 years, in addition to his Chairmanship of several other corporations.

Dr. Mallya is the first Indian ever to become the owner of a Formula One Team. The Netherlands-based Mol Family and Dr. Mallya have formed a consortium that is now the joint owner of Force India Formula One, which is also India’s first-ever Formula One Team and represents India’s first, truly global sports foray.

He is a keen sportsman and is an ardent aviator and yachtsman of distinction. He not only participates in various sporting events but also supports various sporting activities worldwide, particularly for the under privileged.

Dr. Mallya has received several professional awards both in India and overseas. He was conferred a Doctorate of Philosophy in Business Administration, by the Southern California University, Irvine. He has also been nominated as a Global Leader for Tomorrow by the World Economic Forum. He was conferred France’s highest civilian honour – Officier de la legion d’ Honneur for his exceptional career as businessman heading a multinational with diversified interests.

He also takes his Corporate Social Responsibility seriously and believes it is important to serve both society and mankind. He has always been generous in his approach and frequently contributes to various Charities and Foundations in several countries in addition to establishing The Mallya Hospital, The Mallya-
Innovation has always been a priority in the company.

Aditi School and the Vittal Mallya Scientific Research Foundation in Bangalore, India.

His current passion is the Indian Premier League team Royal Challengers Bangalore which is currently playing the fourth edition.

In his 29th year in office Vijay Mallya has taken both United Spirits and United Breweries across the 100 million mark. United Spirits, having clocked a volume of 113 million cases, overtaking Pernod Ricard to be the world’s second largest spirits company, and is also expected to soon move ahead of Diageo plc. And UBL sold 125 million cases representing more than 20 per cent growth over the last fiscal and also twice the industry growth. USL and UBL strength is also its strong distribution. They control nearly 60 per cent turnover of most retailers. USL’s Scale, Existing Distribution and Trade relationship puts it in the best position to execute actions to drive growth.

USL’s strength is the dominance of the market with 59 per cent share in the Whisky market and 56 per cent in Rum giving it a significant advantage to secure a disproportionate share of Industry Growth. It is perhaps the only Indian Company with a full line portfolio that covers all flavors and price points.

Innovation has always been a priority in the company and the recent past has seen new initiatives such as tetra packs and others, which while offering greater assurance and convenience to the consumer, is also more cost effective. New products launched in the market including the Black Dog 18-Year Old, a number of W&M products as well as wines have all been well received by the consumers and will form a firm foundation for future growth.

Growth in the company has come organically and inorganically. USL’s volumes in 2005 stood at 40 million. Out of the 60 million cases that have been added ever since, 15 million cases came out of inorganic growth but the balance 45 million cases are a result of real organic growth. It was in 2005, when Mallya acquired Shaw Wallace that he organised the spirits business, born of the merged entities of McDowell & Co, Phipson Distillery, United Spirits, Herbertsons, Triumph Distillers & Vintners, Baramati Grape Industries, United Distillers India and McDowell International Brands, under USL.

In 2007, United Spirits Limited, the flagship of The UB Group, acquired a hundred percent of premium scotch distillers Whyte & Mackay and Liquidity Inc, a United States-based maker of specialty vodkas. The Delaware-based Liquidity Inc produces speciality brands like Pinky Vodka and Marakesh.

The UB Group’s Brewing Division has also assumed undisputed market leadership with a national market share in excess of 48 per cent. Through a process of aggressive acquisition and market penetration, The UB Group today controls 60 per cent of the total manufacturing capacity for beer in India. The flagship brand, Kingfisher, is now sold in over 50 countries worldwide having received many accolades for its quality.

Wine, which is growing 35 per cent year-on-year, and where USL commands an 8 per
Dr. Mallya is the first Indian ever to become the owner of a Formula One Team. The Netherlands-based Mol Family and Dr. Mallya have formed a consortium that is now the joint owner of Force India Formula One, which is also India’s first-ever Formula One Team and represents India’s first, truly global sports foray.

The company has also commissioned a green field project, coming up in Baramati, which will be India’s best and biggest winery. 6 different ranges will be produced during the first year of operation and 8 more brands will be added over the next 3 years, including manufacturing of premium wines that will go through French oak barrels. Plans to manufacture sparkling wines using traditional French method (methode champenoise) and under the technical guidance of Bouvet-Ladubay are also in the pipeline. The wines are marketed under the brand names – ZINZI & FOUR SEASONS.

The group growth is perhaps best measure in its financials. In 1983 (when he took over) the UB group sold around 3 million cases and had a turnover of ₹200 crore. Today, it is ₹13,300 crore ($3.7 billion) company selling 113 million cases.
Val Smith
Chairman, The IWSR & The IWSR Magazine

The change since 1989 has been most impressive, due to very careful planning and energetic execution, centrally directed. Branding and imagery has always been the group’s strengths, and it has paid off. Foreign intrusion has been minimised. It is a great record that the UB Group has become the largest volume spirits company outside China. Good luck with further growth. With all very best wishes.

Atul Kasbekar
Photographer

It has been one of the turning points of my career to have had an association with the UB group. For their unstinting support and confidence I remain eternally grateful. My sincere congratulations to VJM, Kalyan, Rekhi and their associates on the group’s continued success.

Kiran Mazumdar-Shaw
Chairman & Managing Director, Biocon India Ltd

The UB Group under the stewardship of its iconic leader, Vijay Mallya, has emerged as India’s invincible market leader in alcoholic beverages. Brand Kingfisher is synonymous with Indian Beer whilst McDowells has become the world’s largest alcohol brand by virtue of its unrivalled volume sales of over 100 million cases. Brand UB stands for formidable leadership and excellence in the global beverage alcohol market, an enviable distinction that every competitor seeks to emulate. This dominant position has been built through a well orchestrated business strategy that has been flawlessly executed through an all pervading team spirit based on a shared vision to excel and lead. My congratulations to my dear friend Vijay Mallya, “The man who sees tomorrow” and his exemplary business leaders, Vijay Rekhi and Kalyan Ganguly, for this spirited journey of spectacular success.

Sushil Haksar
Director General, Association of Distillers, Brewers & Vintners of India (ADB&VI)

Crossing a 100 million case annual sale and becoming the Numero Uno of the branded potable spirit industry in the planet can best be described as making the impossible-possible. That this phenomenal milestone has been achieved by an Indian company is a singular tribute to Dr. Mallya’s vision, intuition, organisation and institution building skills and his ability to make courageous decisions.

I can still recollect my first meeting with him in Mumbai in 1990. It was a one on one meeting. What struck me most was his civility and graciousness in putting me totally at ease and thereafter giving me his total undivided attention, even though he was in the midst of very important meetings. His conversation was precise and devoid of frills, a quality essential for a leader. We met a number of times later, but this first meeting remains deeply etched in my mind.

Dr. Bish Agrawal
Chairman, ABC Consultants

2011 Global Conclave on 20th April is certainly a red letter day in the life of Dr Vijay Mallya & UB Group as there has been humungous growth from 3 to 113 million cases. My first memory of Vijay goes back to his childhood at his Minto Park – Kolkata Bungalow, where I was a regular visitor as his late father was my valued client. Later, in his first assignment as President of International Division, he was as flamboyant as ever. He dreamt of taking the group global. At that stage, Vijay sounded like any other young man with an over ambitious mind.

My sincere congratulations to the boy who has grown to be a multi-faceted personality. He is a combination of glamour, a vastly expanding business empire, politics and is a deeply religious human being. What I like most about him is the human touch & elephant’s memory for people whom he has known for ages. I was deeply touched when he called to say that, “Bish, you should be proud of me for having launched a top class airline as you have known me from the age of 12.” I nearly cried!
I have been a great admirer of Vijay Mallya’s flair for building brands and businesses. He has built the UB Group into one of the largest liquor businesses in the world, both through strong organic growth and through strategic acquisitions. The UB Group is one of the most globally spread groups in India. I would like to wish the Global Conclave every success and wish Vijay Mallya and the UB Group all the very best for the future.

The UB group has reached dizzying heights transforming itself into truly an Indian MNC. By displacing Pernod Ricard and Diageo as the biggest volume player globally, within a short span of one year, USL has also achieved the status of the fastest growing spirits marketer. Such growth, in the second most populous country of the world, demonstrates the immense potential it has in store. UB brands have become iconic not just in India, but across the world. In fact I can’t recall any Indian company being the world number one in any product category before. Strategic mergers and acquisitions has been a key ingredient in the USL growth story. USL’s business development team has shown great acumen in picking up the right asset at the right time. It started many years ago, with the Group buying a number of distressed distilleries and has continued ever since with acquiring stalwarts such as McDowells, Shaw Wallace, Herbertsons, Whyte & Mackay. My heartiest congratulations to USL’s team on achieving 100 million cases.

Q1. How would you best describe your journey to become No. 1?
Satisfying, but not without fair share of challenges.

Q2. Which are your stiffest challenges that you had to encounter?
Doing business in each State in India is different from the other. Complexity of State rules led to an equally complex flavour to our business operations. Raw materials supplies and pricing continued to play hide and seek with us. Communication rules remained tough. And yet we convinced the consumers, the investors and the employees, that USL has a champion’s DNA. We will do it. And we did.

Q3. Which are your best initiatives that helped fast track your endeavours?
Creating a portfolio through own and acquired brands which competition found hard to match, stronghold on production and increasing backward integration and finally decentralising profit centers into six regions. This strategy created champions across markets, leveraging different brands. Local profit champions were swift in recognizing changing market and consumer dynamics. Leadership team responded equally swiftly to change and kept pace with the consumer demands.
Q4. What has been the management philosophy that has been the guiding force?
   Push the Paradigm. My single minded mantra to my management team was to change the game and leave competition chasing its own tail. It has paid off. My company has done things which became an industry benchmark – be it be in product innovations, packaging or the whole value proposition that USL has to offer for all its brands across the price and flavor spectrum.

Q5. How would you like to create a global footprint for the group similar to that of your rivals?
   United Spirits already has presence in 37 countries through exports. With our international subsidiaries - Whyte & Mackay and Bouvet Ladubay – we have a unique geographical advantage. United Spirits is now ready for the next big leap in the international markets using a clever product combination strategy from our portfolio, led by seasoned alco bev professionals.

Q6. How satisfied are you with your succession strategy?
   USL has nurtured leaders. The second line was trained under hard nosed business leaders. I am convinced that the new emerging leaders will deliver for USL.

Q7. How do you see the Indian liquor industry evolving over the years?
   Consumer is in for a high. Literally, so with several brands in the pipeline from USL and perhaps competition. Spending will increase, so will the demand. I see the industry to keep posting double digit growths aided and abetted by the demographic window of the country.

Q8. How big are you betting on the Indian wine industry?
   Sunrise industry at the moment but this sun will shine very brightly over the next few years. Wine will probably be as popular as colas or coffees in the next few years. We are well poised for this opportunity and have invested in a State of the art winery in Baramati.

Q9. Do you have any new plans for the USL or the UB Group?
   While, it is hard to be specific in the public domain, we have several plans in the pipeline. There will essentially build on our growth enablers – product, manufacturing, distribution, innovation, brand building. You will see them unroll themselves in the future.
INTERVIEW

DEEPAK ROY
EXECUTIVE VICE CHAIRMAN & CEO, ALLIED BLENDERS & DISTILLERS PVT. LTD.

United Spirits is where I cut my teeth in the spirits business. I joined McDowell & Co. in 1983 as Head - Marketing and after holding several positions in Marketing & Sales, I was appointed CEO of Herbertsons in 1988, which I left in 1993 to join Diageo. I once again became associated after UB group acquired majority share holdings in my company Triumph Distillers & Vintners, which had done the management buy out of Diageo’s ‘India Only’ business.

I have fond memories of my professional association with USL and I still have strong relationships with Dr. Mallya and other senior company employees. It is indeed heartening to see United Spirits emerge as the world’s largest, especially as I have had several years of association with the group.

I wish USL the very best in the coming years and I hope it will provide leadership to take up several burning issues with the regulators.

PRAMOD CHAUDHARI
EXECUTIVE CHAIRMAN, PRAJ INDUSTRIES LTD.

Praj congratulates The UB Group on their sterling achievement. The group is today recognized as a global brand in terms of Spirits and Beer. At Praj, we are glad to be associated with The UB Group. Praj has partnered them in their quest for raising the quality of spirit and maintaining top operating parameters at each of their plant, whether it was superfine quality spirit or beer. I remember Dr. Vijay Mallya, personally taking interest to raise the bar and nurturing these values in his team. Both, Mr. Kalyan Ganguly and Mr. Vijay Rekhi and their officials encouraged us to deliver higher and higher standards in terms of processes and equipment. It is always a privilege to work with such clients.

GURDEEP SINGH (PONTY) CHADHA
MANAGING DIRECTOR, WAVE GROUP OF COMPANIES

I have seen USL & UB grow during the last 30 years from strength to strength so much so that it has not only become the largest liquor company by volume in India but also emerged as a leading Company in the World. This is a position of great strength for India in the AlcoBev Industry, as some of the Indian products are not only well accepted in the overseas market but are counted amongst the top selling high growth brands globally. USL & UB deserve credit for this. All this has been possible because of Mr. Mallya’s vision and leadership and the ability of his professional team to realize his Vision and Dream. Since the Wave Group has also been a humble contributor to this progress of USL & UB over the years, we wish Mr. Mallya and his team all the very best and hope that more Indian Alcoholic Beverages are accepted globally to make this Industry proud.

RAVI JAIN
MANAGING DIRECTOR, VALLEE DE VIN PVT LTD.

It gladdens my heart to know that The UB Group is holding a conclave to celebrate its becoming a global leader in terms of volume. My heartiest congratulations to Dr Mallya and his fabulous team...this has simply been a stupendous task!

It is indeed a proud moment for professionals like me...as I started my career spanning over 35 years in alcobev industry in this illustrious Group.

My long association with the UB Group brings back great memories...my first big break of my career came in as Bagpiper Whiskey which I had the opportunity to work on and launch way back in 1976...very first time an alcobev brand was launched through an integrated marketing something that was to be followed by other alcobev companies in the days to follow.

The UB Group is a great learning place for for professionals like me to hone their skills and to find his/her place in the sun...a place where professionals are truly empowered.

With its strong leadership team it was but natural for the Group to become a behemoth...what with a most charismatic/dynamic and focussed leader in Dr Vijay Mallya at the helm of affairs. I am lucky to have been closely associated with him and to see him grow in to a giant of a man who almost every young Indian aspires to become/emulate...a larger than life human being...a great manager and ...a marketing Guru who in his own inimitable way is launching India to the world.

Kudos to the rest of the team for continuing to bring laurels to the Group and our country.

While I watch with great admiration The UB Group scaling new heights every day, I wish it the very best to become the largest alcobev group in the world.

I really do feel proud to have been a part of it...UB blood continues to run in my blood stream.
As USL and UBL race ahead in the numbers game, Dr. Vijay Mallya’s son is getting set for bigger responsibilities. Although the IPL takes most of his time, he will soon be getting actively involved for great challenges ahead.

Sidhartha Mallya was introduced to the corporate world on his eighteenth birthday with the launch of Kingfisher Airlines in May 2005. Ever since, Sidhartha has slowly found himself being involved in various aspects of the business.

After a one year stint with Diageo and with the experience of handling multiple brands, Sidhartha finds himself in the thick of action with USL and United Breweries Ltd. His involvement with the Royal Challengers team in the ongoing IPL tournament has put him in the spotlight handling the centrestage with equal panache as his illustrious father, Dr. Vijay Mallya.

While his father’s sobriquet, King of Good Times, has been an integral part of Kingfisher branding, Sidhartha can’t help believe that this is perhaps the best thing that could happen to the brand. While no other alcobev industry stalwart is known by the brand Vijay Mallya is for Kingfisher.

For Dr. Vijay Mallya’s son, Diageo was the first step in the mentoring. He is now being groomed to take the mantle of Kingfisher Airlines, USL and UBL.

Sidhartha Mallya was born in Los Angeles, CA, on 7th May 1987 and raised and lived in England for 23 yrs. He moved to India permanently in January 2010. He was educated at Wellington College, Berkshire - Completion of GCSE (2000-2005). He is also an avid sportsman playing tennis and hockey. In 2005-2008 he completed his undergraduate study - BSc Hons in Business Management, Queen Mary, University of London and continued his tryst with sports as captain of the University Mens 1st XI Hockey Team for two seasons. He was also Club Captain and President for one season.

Since 2009-2010 he has been actively involved as the Director - Royal Challengers Sports Ltd, Managing the IPL team and marketing activity of RCB. Besides hockey, tennis, he is actively involved in rugby, soccer and of course cricket!

Sidhartha is also keen to show his green side. Recently RCB offered its whole-hearted support to Earth Hour 2011, celebrated on March 26th, where lights went off round the globe for 60 minutes. Earth Hour has grown to become one of the world’s largest campaigns towards sustainability and climate change mitigation. From 35 participating nations when Earth Hour was first launched in 2007 to more than 130 nations participating today, it has indeed become a symbol of solidarity shown by citizens for the protection of the environment by embracing switch off for Earth Hour.
Mantras for becoming No.1

For USL it has been an uphill task to grow in a regulated environment. Given the company’s long history and omniscient position, it has reached the pinnacle of its success. In an interview with *Ambrosia, Mr. Vijay Rekhi* describes the journey.

When Vijay Rekhi took charge as the President and Managing Director of United Spirits Ltd, it was producing a modest 14 million cases. Fifteen years down the line, the company has produced 113 million cases, overtaking top global alcoholic beverage makers such as Pernod Ricard and is now on the threshold of becoming No.1 and to outdo Diageo.

Vijay K. Rekhi is currently the President and Managing Director of United Spirits Limited, and is a leading figure in the alcohol beverages industry with an experience spanning 40 years, of which 20 years have been spent at top management levels and over 25 years in marketing and sales for branded FMCG in India and abroad. Presently he is guiding United Spirits for strategic direction. Today Rekhi is a member of the UB Group’s Executive Committee which is the Apex Body reviewing all Group decisions.

His role extends beyond United Spirits with company directorships of leading global companies like Whyte & Mackay Ltd. - Glasgow, McDowell’s Nepal Limited - Nepal, Bouvet Ladubay - France and Four Seasons Wines Limited - India. He also holds honorary positions in various trade associations. While he is the Chairman of both Confederation of Indian Beverage Companies (CIABC) and the Society for Alcohol-Related Social Policy Initiatives (SASPI), he is also a member of the Association of Distillers, Brewers & Vintners of India (ADBVI) and the Center for International Trade in Agriculture and Agro-based Industries (CITA).

With an MBA from the Indian Institute of Management, Ahmedabad and a master’s degree in Economics from the Delhi School of Economics, Rekhi rose up the ranks quickly to his current position. In 1972 Rekhi rose to Director of Marketing and Sales in Herbertsons Limited and was soon
given market conditions and potential, we aim to sell 200 million cases annually in the next 3-5 years, he says.

Having won the volumes game the company is geared to move up the value chain to improve profitability. The recently launched McDowell Platinum is all set to become a millionaire brand.

The soda and water business is also growing well and are brand extensions for their alcobev brands. They have four water brands in their portfolio – McDowell’s No.1, Bagpiper, Director’s Special and Signature. The first three brands are regular bottled drinking water whereas Signature Natural Mineral Water is a premium offering launched recently. The turnover for USL’s water business is nearly ₹750mn.

USL is likely to continue its unchallenged run in the India market. Rekhi and his team
USL is likely to continue its unchallenged run in the India market. Vijay Rekhi and his team are committed to improving the value of their brands through innovation, new brand introduction, improvement of blend and appropriate pricing.

As he looks back in retrospect over the 25 year journey from 3 million cases to 100 million cases, he reminisces on how the focus on power brands has enabled them to grow both in volumes and gain in market shares in respective segments. USL can take pride in its product and marketing innovation over the years and the the most talked about industry mergers. The journey ahead is equally exciting and USL is looking forward to its 200 million case run.

The biggest achievement for USL in a unique media dark environment is the creation of 20 millionaire brands. Challenges in the regulated environment are a stimulus for us to make our operations smarter, but of course not at the cost of circumventing the rules. USL is compliant with all laws of the land, he emphasizes.

The good news too is that the industry is having a healthy growth rate of 10 per cent over the last 5 years and I expect the same trend to continue. Premiumisation is another positive change which is noticed. White spirits and Wines have lots of prospects, he says.
MISSION

To be the most admired global leader in alcoholic beverages by creating unique high quality brands, driven by highly motivated employees and supported by best in class processes and innovations. United Spirits is and will be responsible towards its stakeholders and the society.
Q1. How would you describe your role in the quest for USL becoming No.1 by volume?

I played the role of a leader inspired by a visionary, I am proud to have led United Spirits to the pinnacle of success. It is a distinguished honour for an Indian company to take on the world. The World Cup is now ours. We dedicate it to our Chairman, Dr. Mallya, who took over the reins of the company 28 years ago. Strange co-incidence that India brought home the World Cup in Cricket after an equal number of years.

Q2. What are some of the high points of your career with the Group?

The greatest satisfaction for me throughout my career so far with the Group is the immense faith of our Chairman in my leadership. It gave me the legroom to lead game changing innovations for USL across business functions, create global iconic brands through landmark brand building initiatives and more importantly, make USL a preferred brand across investors, employees, partners and consumers.

My heartiest congratulations to Vijay Rekhi and the UB Group for this milestone achievement. It is very heartening to see Indian companies conquering global markets. In this era of Indian multinationals, the UB Group is most certainly another name to reckon with.

This would not have been possible without the vision and direction of its leadership, dedication and hard work of team members and support from other stakeholders. We, at 3M, have seen that victory belongs to a team that is hungry for success and is in pursuit of excellence. The UB Group certainly demonstrates this and more.

Having met Vijay only briefly, I was surprised to get a call from him one day referring to a problem with adhesion of labels on one of their premium brands and asking if 3M could help. The fact that someone at this level would get involved in resolving ground level problems demonstrates what a hands-on person he is. We subsequently became friends and I have been present with him on various forums and have always been impressed by his broad perspectives.

I am confident that the UB Group will continue achieving greater success and will soon become the numero uno company in their category.

I have tracked the professionally managed UB Group from the days of Vittal Mallya. The Group was hungry for growth and have excelled themselves over the last forty years. They have created a good image selling Beverage Alcohol whereas all their competitors could not come anywhere near them. They live by the power of Branding and their products carry the highest consumer loyalty and franchise. I recall, Vijay Rekhi mentioning once “SN - whatever we produce sells straight away”.

Also their companies earning multiples are the highest striving to break all previous records. The secret is grooming of “Vijay by Vijay”.
Q3. What are some of the challenges that you have had to face during your tenure?

Liquor business in India is complex. Besides intricate business procedures and related complexities, we had to make some bold decisions with a single minded focus on growth. There were critics and there were those who speculated about the returns of some of these investments. Our market cap proves that our decisions were strategic and we will catapult ourselves into the next growth paradigm. Our Global Leadership position is an endorsement of our strategy.

Q4. Which initiatives put USL on the roadmap to become No.1?

Our growth enablers included backward integration especially using multiple substrates to control cyclical cost push, introduce brands on the higher end of the value spectrum, ramp up the portfolio to ensure availability of brands at all price points across flavours, strengthening distribution and keep an eye on quality. There was no looking back for us. We grew ahead of the industry. We clocked our first 100 million cases in twelve years. Now USL sells 100 million cases every year.

Q5. What is your premiumisation strategy for the Group?

Indian consumer has evolved and woken up to the lifestyle realities. Demand for premium brands therefore, is on a high. USL launched its premiumisation strategy ahead of this new consumer lifecycle. We acquired brands in the scotch, Vodka and wine categories. We put our weight behind our premium domestic brands; we launched new premium brands in the whisky, brandy, vodka categories and this thrust continues. All these should help the contribution of premium brands to USL turnover to reach 45-50 per cent in the next five years.

Q6. How do you see the group evolving in the next five years?

USL will continue building on its growth enablers. We will be a 200 million case company by 2015-16 at the current rate of growth. Our consumer franchise is set for a quantum leap and so is our NSR and EBDITA.

Over the years I have been watching the group transcend from being a home grown player in spirits to being a global conglomerate with an aggressive attitude in marketing its brands. Today each of its brands have become leaders in their respective segments.

We are proud to be associated with the group which is today the world leader in spirits encompassing liquor, entertainment and sports transforming itself from being the liquor giant to consumer lifestyle organization.

Vijay Rekhi has taken USL from a strong domestic presence to great global heights through sheer entrepreneurial vigour and vigour. He has pursued a strategy of building global scale through a well thought out branding and manufacturing strategy which has created an intricate network of supply chain and an unrivalled marketing and distribution network. I have always found Vijay Rekhi to be a "hands on" business leader who has led from the front and someone who is shy to take personal credit for any success but always gives credit to his team - a leadership style that delivers excellence. Vijay Rekhi has much to feel proud of. He has built a world class company and created enormous value that will ensure the sustained success of USL for the foreseeable future. I would like to wish him all the very best.

Today the Royal Orchid group of Hotels has 20 hotels which include our boutique brand Peppermint, we are aggressively growing to take the count up to 30 hotels in the next one year. We are looking forward to jointly promote our hotels by associating with UB through promotions and events. Mr. Vijay Rekhi is my senior from IIM Ahmedabad and we look up to him for advice, guidance and inspiration.
The U.B. Group is so well known that there is no need for me to add anything. Let me just say that my interaction with UB, Vijay Rekhi and his colleagues has always been efficient, friendly and very professional. It has always been a pleasure to work with the UB.

Let me also add that UB owns an old and very reputable winery in France, Bouvet-Ladoubey. Bouvet-Ladoubey produces very high quality wines. The choice of this winery in France for UB’s first acquisition in France is a testimony of UB’s desire to go for quality.

My heartiest congratulations for this new achievement.
Much like Pegasus, the UB Group has been like “the winged horse whose hoof struck the earth to bring forth inspiring springs”. Taking on the mantle of the leader and trendsetter in the country’s liquor industry has been all about playing on a tough pitch, but it’s one on which the company has batted long and hard, led by its captain, a phenomenon named Dr. Vijay Mallya. We take a closer look.
It’s hard to find one particular phrase to sum up Dr. Vijay Mallya. He has been known as “the man with the Midas touch”, and there’s no doubt that almost everything he touches turns to gold. However, beneath the ‘touch’ is a determined fist, whose bearer has a hunger to succeed and an unflinching belief in his dreams and innovative genius. And it’s that gritty spirit which has seen the UB Group leader push on through sheer hard work and intuitive business acumen, surmounting odds which would have leveled other players.

When he took over the UB empire in 1983, the company sold 2.8 million cases in spirits. Today, UB has crossed upwards of 113 million cases and is a $3.7 b company soaring high on its own strength and a host of acquisitions.

Such quantum leaps do not come overnight and especially in a restrictive environment such as India’s, as far as liquor goes. Recently, at the start of the 2011 IPL cricket tournament, when his team Royal Challengers Bangalore was playing its first match and seemed up against a dominating side in Kochi, a glib commentator asked Dr. Mallya what he thought his team’s chances were. He replied that the game was still on and nobody expected it to be easy. That perhaps typifies his approach to business. A couple of hours later, his team won the match.

In the arena of India’s complex liquor industry, for Dr. Mallya it hasn’t been just winning, but changing the game itself. In a country where each state has its own excise laws and regulation structure, UB has had to stay ahead of the game in areas ranging from raw material supplies to pricing strategy. A large part of its success came from decentralising its six regions of operation allowing for a leveraging of brands specific to each market.

It has also had to survive and succeed in a restrictive advertising environment. So, branding in the high end segments was long ago pushed through endorsements and sponsorships and events-keeping the hallmark Pegasus logo flying high.

According to the company, in 1990, following the Government’s liberalised economic policies, Dr. Mallya decided that the UB Group would only retain interests in businesses that were globally competitive and which did not depend upon fiscal tariff protection. He also decided to focus on areas of core competence and transformed the vastly diversified UB conglomerate into a handful of key operating businesses.

Today, the UB Spirits Division is one of only three in the world to own 21 millionaire brands and at least five brands rated by Drinks International, UK to be amongst the ten fastest growing brands in the world in their respective categories.

The market share of the Spirits Division in India is currently 60 per cent and exports to the Middle East, Africa and Asian countries are growing rapidly. In the latest achievement, the McDowell’s No. 1 Platinum whisky has in the first year of its launch will become a millionaire brand.

USL’s mantra has been to closely study the market, and to some extent the competition, and to decipher the trends. The company had long ago sensed the emergence of a young upwardly mobile India and much of its ‘aspirational marketing’ has been directed there. Add to that innovative packaging and brand extensions, and one can see why the company has kept ahead of the pack. Staying ahead of the market is UB’s open secret and change and innovation the passwords.

Among recent moves was United Breweries’ launch of Kingfisher Red as India’s first and only ‘All Season Beer’ which “tastes great when chilled and even better when not chilled”. Or take the launch of Kingfisher Ultra, a premium beer aimed at the affluent urban cosmopolitan and a stiff challenger to the bouquet of international beers wooing the Indian palette. Perhaps the king of
moves was the introduction in the whisky market of McDowell’s Platinum last year. The grain-based whisky with its special blend was placed in the prestige segment at a challenging price which drew customers away from other brands. It’s this kind of hard ball that the UB Group is good at and where they have so often made strategic gains.

USL launched its premiumisation strategy ahead of India’s new consumer lifestyle boom, acquiring brands in the Scotch, vodka and wine categories. They pushed their premium domestic brands and launched new premium brands in the whisky, brandy, vodka categories.

In a few years, premium brands will account for up to 50 per cent of USL’s turnover. It’s a company which is adrenaline driven and at the heart of its engine is Dr. Mallya himself.

Perhaps what sets Dr. Mallya apart from many other business giants is the fact that he is so closely involved and highly visible with his company’s brands and activities. In many ways, despite a host of big ticket brand boosting personalities on UB’s rolls, Vijay Mallya himself is its most alluring brand ambassador.

The charisma, air of success and mystique which surround him constantly pull in the crowds—from the jet set to the wannabes. When he was interviewed at the IPL game, he was in the dug-out wearing the team colours. And after the match, he greeted all the players as they came off the field. They say he pretty much runs UB the same way.

For his top executives, it is this hands-on approach which pushes them a notch higher too. Dr. Mallya’s personal involvement in defining the roles of senior management and giving them a
fair deal of independence is one of the key factors in UB’s success. It is the sense of close working coordination with the company’s owner which bridges the gap so many other industrial houses suffer from, where there is a divide between ‘the master and the men’.

One of Dr. Mallya’s greatest skills is his ability to sense a winning brand and to create an icon out of it. The flagship award-winning Kingfisher beer, which sold upwards of 125 million cases last year, is known the world over (selling in 52 countries). And it has moved with the times, the ‘King of Good Times’ as its legendary slogan says. Over two decades ago, Mallya recognised the potential of beer. He could see that a ‘young India’ was emerging, with increasing disposable incomes and a thirst for international branding. Putting his brands on the global map, Dr. Mallya had in turn evoked immense foreign interest in the country.

With up to 100 million new consumers now set to be added to the alcobev market, Mallya’s vision has paid off handsomely. In the days of intense restrictive environment, when others were selling off their distilleries and breweries, Dr. Mallya was buying them. He was warned that he would run into trouble, but he carried on. The results spoke for themselves and critics were left red-faced.

In the days of intense restrictive environment, when others were selling off their distilleries and breweries, Dr. Mallya was buying them. He was warned that he would run into trouble, but he carried on. The results spoke for themselves and critics were left red-faced.

Drawing upon the brand’s magnetism, he went onto launch the iconic Kingfisher calendar and in a move on a much larger scale, an airline with the same name in 2005. He has succeeded in creating a brand from the airline, which has, despite pressing financial hurdles, set itself apart from other home carriers for its element of style and class while flying.
Apart from the Royal Challengers Bangalore cricket team, Dr. Mallya’s high visibility roadmap also includes the Formula One team Force India, the Indian and the I-League team East Bengal FC and Mohun Bagan AC and a host of events.

On a more somber platform, the UB chief has also not shied away from championing the cause of India’s liquor industry either. Delivering an address at last year’s BevIndia meet, he called out to the government to stop treating the liquor industry like a pariah, despite the fact that the industry gave ₹25,000 crores to the exchequer.

He believes the liquor industry should be treated as a leading FMCG giant and criticizes state governments who used prohibition as a political tool. Dr. Mallya has consistently called on the industry to drop their differences and unite in efforts to get a better due. “As an industry we have come a long way. However, there is still a lot of work to be done in making ourselves heard. As an industry, we have a legitimate place in society. My vision is to make ourselves a strong industry body like a CII and FICCI,” he had said.

Meanwhile, USL is set to continue building on its growth, aiming to be a 200 million case company by 2015-16. The company’s beer arm UBL sold over 125 million cases in the year 2010-11 and grew ahead of the industry with mainline brands Kingfisher Premium Lager & Kingfisher Strong continuing to dominate and regional brands like UB Export, London Pilsner and Cannon 10000 making huge gains in their segments. United Breweries holds 50% of the Indian beer market and USL already has presence in 37 countries through exports and its international subsidiaries - Whyte & Mackay and Bouvet Ladubay – which have given the company a unique logistical advantage.

So, while USL prepares to adorn itself as the world’s number one, admirers and critics alike cannot but marvel at this prolific fairy-tale over the years-complete with its dragons, dark forests, wizards and a victorious prince.

- Amitabh Joshi
United Breweries (UBL) milestone of reaching 100 million cases of beer recently is an important signal to the world that the Indian beer majors are ready to rub shoulders with some of the biggest players in the world. In 2010-11 the company clocked 125 million cases. Their growth of 20 per cent against an industry growth of 10 per cent is perhaps the best indicator of the shape of things to come. In an interview, Kalyan Ganguly, President of United Breweries Ltd, outlines the company success story.

The Vijay Mallya-owned United Breweries Ltd, the market leader, and SABMiller control about 80% of the Indian beer market. United Breweries Ltd (UBL), the flagship, commands a 52 per cent market share and a 20 per cent year-on-year growth. Its flagship brand Kingfisher is available in 52 countries and has been ranked among the top 10 fastest growing brands in the UK. Over the years, India's largest beer company, has effectively met the challenge of Shaw Wallace, Fosters, which SAB Miller ultimately bought over. Several iconic international beers like Budweiser and Carlsberg have entered the country in the past five years, but UB has not only retained its share but has widened the gap between its nearest rival, SABMiller India. There is also the possibility to gain the extra edge by entering the super-premium beer category with Heineken shortly.

The edge for Heineken would be UBL’s country-wide manufacturing and distribution network in what has traditionally been a difficult market for newcomers, as beer is taxed on a par with spirits, which makes it expensive, besides varying regulations from state to state and a restriction on advertising.

India's beer market of 200 million cases plus with UB's market being 52 per cent 14.4 million hectoliters this year, while per capita beer consumption is estimated at 1.3 liters per year, Ganguly said. While that is much lower than the annual per capita consumption of 79 liters in the Netherlands and 82 liters in the U.S. The global average is around 24 litres. More than three-fourths of India's beer sales are of the strong variety with over 5 per cent alcohol content, with only up market towns and cities preferring light beers.

UB sales have also grown after SABMiller sales took a hit when Andhra
Pradesh which accounts for 18 per cent of the beer sales in the country started placing orders based on national market share against share in the state previously. SABMiller traditionally dominated the AP market but its national share is around 30 per cent.

The growth in the market over the last three years has been good, with compounded annual growth rates (CAGR) of close to 18-20 per cent. Current growth rates are estimated in the range of 10-11 per cent which is lower than the previous three years but is still a healthy double-digit growth rate.

In India, the strong beer segment continues to dominate beer consumption with a formidable 76 per cent market share. The beer market in India has grown at 10% in the last three years and is forecasted to grow at 10.5 per cent CAGR while the strong beer category will constitute 11-12 per cent CAGR of this. Traditionally Maharashtra, Andhra Pradesh, West Bengal, Delhi, Rajasthan, Orissa and Haryana have been the dominant states for strong beer consumption.

UBL, brands include Kingfisher, UB Export and Kalyani Black Label while SABMiller’s brands include Haywards, Fosters, Royal Challenge and Knock Out.

In worldwide share of throat, the spirits to beer ratio is 1:7. In India the spirits to beer ratio, taking both the organised and unorganised sector together is in the vicinity of 7:1. There is 50 times differential between the two. This is perhaps because brewing is a more capital-intensive business than distilling and therefore there are greater entry barriers.

The good news is that everybody who has a global footprint knows India is the market of the future. United Breweries Limited is soldiering on. The achievement of 100 million cases should spur them on. With 20 per cent growth, and the impending launch of Heineken the company sales would grow both in volume and value terms.
In conversation: Kalyan Ganguly
President, United Breweries Ltd.

Q1. Are you satisfied with the way the beer industry is shaping up?
Overall the industry has seen a healthy growth. However, there have been markets like Delhi which have seen a decline because of a steep consumer price increase on account of duty increase. Small and fast growing markets such as Bihar and Orissa continue to demonstrate rapid growth. Karnataka has bounced back from last year’s poor performance to be a significant driver of growth this year. All in all, at an overall level, the beer industry has had a good time in the year which has gone by.

Q2. How would you describe your achievement of crossing 100 million cases?
We have sold over 125 mio cases in the year 2010-11 and grown ahead of the industry. Not only have our mainline brands Kingfisher Premium Lager & Kingfisher Strong reinforced their dominating presence but our regional brands too such as UB Export, London Pilsner and Cannon 10000 have dominated in their respective segments.

Q3. What are some of the marketing initiatives that helped the company reach this important milestone?
In the arena of sports we continue to leverage our association with cricket (through IPL) and Formula One (through Force India). Cricket is a sport that touches each and every Indian and Formula One is the most widely watched and a highly aspirational sport across the globe.
We are also involved with other sports like football (though Kingfisher East Bengal Club) and the various marathons in the metros of India.
In the space of music we have taken our properties like ‘The Great Indian Octoberfest’ and ‘Voice of Goa’ to the next level. Within a period of 6 years ‘The Great Indian Octoberfest’ has become an annual calendarised destination for the young people not only of Bangalore but all across India.
Our digital platform Kingfisherworld.com has grown to a new dimension. It is one of the best platforms to connect with the young target audience. Our Facebook profile has more than 1.1 million fans which makes it one of the top 10 brands on Facebook in India, and the world’s No.2 beer brand on Facebook (2nd to Heineken, which is marginally ahead with a total of 1.2 million).
We have more than 8000 followers on Twitter making it one of the top 5 interactive brands on Twitter.
Q4. What are some of the challenges that you encounter in the beer industry?

The beer industry in India factors multiple challenges. The most significant of them is the change in legislation in every state every year, which is not predictable even a few weeks before the annual state budget is announced. This impacts the growth and profitability of the industry. It also has an adverse impact on planning capacity which has a lead time of about two years.

The next great challenge that the industry has is its dependence on agri products like barley which in the last few years have always been in perennial short supply.

The third challenge is that by nature, the beer industry is heavily dependent on water and, in a country like India, this can have serious ramifications for the business.

The cost and availability of packaging material like glass bottles, which have been a serious challenge in the years gone by, is now on the way to be mitigated through the infusion of patent glass bottles by the key players in the beer industry.

Q5. What has been your product strategy in recent times?

United Breweries Limited has got at any given time a pipeline of several new products in development. In the recent past we have launched Kingfisher Red, which is India’s first and only ‘All Season Beer’. This beer’s specialty is that it tastes great when chilled and even better when not chilled. The product is targeted towards markets with high seasonality like the North, where consumption drops in winter. In its initial stages, where it has been launched, the product concept has been well accepted.

Kingfisher Ultra is a premium beer aimed at the affluent urban cosmopolitan. It continues to perform well in the markets of its launch. We plan to extend it nationally this summer.

Q6. When is Heineken likely to be launched and will the brand be the game changer in the years to come?

Heineken is expected to be launched in the latter part of the year 2011-12. It will be the most premium brand available in the Indian market in terms of product, packaging and its positioning.

Q7. What major changes do you plan to implement in the coming years?

At United Breweries Limited, change is a constant. We continuously innovate ahead of the market to meet the latest needs of all our consumer needs.

Q8. How has the Breweries Division fared in the last three years?

We have grown ahead of the industry to continually add market share and consolidate our leadership position in the industry. On the product front, we have developed and launched innovative products. It is also heartening to note that we have had breakthrough marketing campaigns which have kept us contemporary to the changing needs of young India. In the areas of efficiencies, alternate fuel sources and water utilisation make us one of the global best, we have raised the bar.