

DIAGEO

INDIA

United Spirits Limited

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December 2, 2019

BSE Limited

(Regular Office & Corporate Relations Dept.)

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai— 400001

Scrip Code: 532432

National Stock Exchange of India Limited

Exchange Plaza, C—1, Block G

Bandra Kurla Complex

Bandra (East), Mumbai- 400051

Scrip Code: MCDOWELL—N

Dear Sir/Madam,

Sub: Disclosure in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and paragraph A (1.2) of Annexure I to SEBI circular dated September 9, 2015

The Board of Directors (“**Board**”) of United Spirits Limited (the “**Company**”) at its meeting held today considered and approved a scheme of amalgamation and arrangement (the “**Scheme**”) in relation to the proposed merger of the Company’s listed subsidiary Pioneer Distilleries Limited (“**PDL**”) with the Company under Sections 230 – 232 and other applicable provisions of the Companies Act, 2013 and the rules thereof. Further the Board has authorised the Company to file the Scheme along with the relevant disclosures, documents, certifications and undertakings with the stock exchanges.

The Scheme is subject to the receipt of requisite approvals from the relevant statutory authorities including Securities Exchange and Board of India, National Stock Exchange of India Limited, BSE Limited, the National Company Law Tribunal, and the respective shareholders and creditors of the Company and PDL.



The disclosure required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed herewith as **Annexure – A**.

A press release issued by the Company in connection with the proposed merger is enclosed.

Thanking you,

Yours faithfully

For **United Spirits Limited**



V Ramachandran,
EVP and Company Secretary

Enclosed: As above

Annexure – A

| Sl. No. | Particulars | Details | |
|---------|--|--|---|
| | | Company (Transferee Company) | PDL (Transferor Company) |
| a) | Name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc. | United Spirits Limited Standalone net worth (as at March 31, 2019): INR 3,131.5 Crores Standalone turnover (as at March 31, 2019): INR 28,607.5 Crores | Pioneer Distilleries Limited Standalone net worth (as at March 31, 2019): INR (41.6) (negative balance) Crores Standalone turnover (as at March 31, 2019): INR 142.8 Crores |
| b) | Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length" | PDL is a subsidiary of the Company, which currently has a 75% shareholding in PDL. PDL is a related party and valuation is done by an independent valuer and also supported by a fairness opinion. Hence, it is an arm's length transaction as per the relevant SEBI regulations. | |
| c) | Area of business of the entity(ies) | The Company is engaged in the business of distilling, rectifying and blending of spirits, and production of ethyl alcohol from fermented material. | PDL is engaged in the business of manufacture and sale of extra neutral alcohol, malt spirits, Indian Made Foreign Liquor (IMFL) and other allied products, including bottling operations |
| d) | Rationale for amalgamation/merger | <ol style="list-style-type: none"> 1. Simplification of the corporate structure and consolidation of the group's business; 2. realising business efficiencies, inter alia, through optimum utilisation of resources due to pooling of management, expertise and other resources of the companies and to achieve economies of scale; 3. overcoming limitations on raising capital for PDL, ensuring improved allocation of capital and optimum cash flows contributing to better utilisation of capacity and the overall growth of the combined entity; 4. creation of a larger asset base and facilitation of access to better financial resources; 5. savings on compliance / interest costs; 6. uninterrupted operations of PDL's plant in order to stabilize its business; 7. integration of PDL's operations with the Company resulting in benefits arising out of the synergies, | |

| | | <p>especially since the Company is in the same line of business as PDL; and</p> <p>8. enhanced shareholder value pursuant to economies of scale and business efficiencies.</p> <p>PDL has been incurring losses in the recent past and its entire net worth has eroded. The negative net worth of PDL as on March 31, 2019 is Rs. 41.63 crores. The Company, holding 75% of the equity capital of PDL has to account to the extent of 75% of the losses of PDL while consolidating its accounts. Continuity of PDL without the active support of the Company would be very difficult. Amalgamation of PDL with the Company would be beneficial to both the companies, including with respect to ease of getting uninterrupted financial and technical support and the Company getting the full benefit of PDL's manufacturing facilities.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|---|---|----------|---------------|---|----------|--------------|-------|--------|--------------|-------|-------|---------------------|---------------|----------|---------------|---|----------|-----|-----|--------|----------|------|-------|-----------------|-------------|----------|---------------|---|----------|--------------|-------|--------|--------------|-------|-------|---------------------|------------|
| e) | In case of cash consideration – amount or otherwise share exchange ratio | 10 equity shares of Rs. 2 each of the Company, to be issued for every 47 equity shares of Rs. 10 each held by shareholders of PDL, in the ratio of 1 : 4.7 to the shareholders of PDL, as on the record date fixed for this purpose. The shareholding of the Company in PDL shall be cancelled upon the Scheme coming into force. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| f) | Brief details of change in shareholding pattern (if any) of listed entity | <p>Pre-amalgamation shareholding pattern of the Company:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>No. of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Promoter</td> <td>41,24,10,600</td> <td>56.76</td> </tr> <tr> <td>Public</td> <td>31,42,28,115</td> <td>43.24</td> </tr> <tr> <td>Total</td> <td>72,66,38,715</td> <td>100.00</td> </tr> </tbody> </table> <p>Additional issue:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>No. of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Promoter</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Public</td> <td>7,12,138</td> <td>0.10</td> </tr> <tr> <td>Total</td> <td>7,12,138</td> <td>0.10</td> </tr> </tbody> </table> <p>Post-amalgamation shareholding pattern of the Company:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>No. of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Promoter</td> <td>41,24,10,600</td> <td>56.70</td> </tr> <tr> <td>Public</td> <td>31,49,40,253</td> <td>43.30</td> </tr> <tr> <td>Total</td> <td>72,73,50,853</td> <td>100</td> </tr> </tbody> </table> | Category | No. of shares | % | Promoter | 41,24,10,600 | 56.76 | Public | 31,42,28,115 | 43.24 | Total | 72,66,38,715 | 100.00 | Category | No. of shares | % | Promoter | Nil | Nil | Public | 7,12,138 | 0.10 | Total | 7,12,138 | 0.10 | Category | No. of shares | % | Promoter | 41,24,10,600 | 56.70 | Public | 31,49,40,253 | 43.30 | Total | 72,73,50,853 | 100 |
| Category | No. of shares | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Promoter | 41,24,10,600 | 56.76 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Total | 72,66,38,715 | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Category | No. of shares | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Promoter | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public | 7,12,138 | 0.10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 7,12,138 | 0.10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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United Spirits Ltd. gets Board approval to merge its majority owned subsidiary Pioneer Distilleries Ltd.

Mumbai, December 2, 2019: The Board of Directors of United Spirits Ltd. (USL) at its meeting held today considered and approved a scheme of amalgamation of its majority owned and listed subsidiary Pioneer Distilleries Limited (PDL) with the Company. The scheme is now subject to the receipt of requisite approvals from the statutory authorities and the respective shareholders and creditors of both the companies.

Upon completion of the merger, the non-promoter shareholders of Pioneer Distilleries Limited will receive 10 equity shares of United Spirits Ltd for every 47 equity shares of Pioneer Distilleries Limited, held by them as on the record date. Post the merger, United Spirits Ltd's issued capital will expand by about 0.1%. and Diageo's revised holding in United Spirits Ltd. will be 55.18%.

Speaking about the proposed merger, Sanjeev Churiwala, Executive Director and Chief Financial Officer, Diageo India said, "The proposed merger is part of our strategy to consolidate the India business and further simplify the operating structure which would result in enabling business synergies and efficiencies. We believe this decision will maximize shareholder value for both the companies."

Note:

The proposed amalgamation of the two companies is subject to the receipt of requisite approvals from the statutory authorities including Securities Exchange and Board of India, National Stock Exchange of India Limited, BSE Limited, the National Company Law Tribunal, and the respective shareholders and creditors of United Spirits Ltd. and Pioneer Distilleries Ltd.

ABOUT DIAGEO INDIA

Diageo India is one of the country's leading beverage alcohol company and a subsidiary of global leader, Diageo plc. The company manufactures, sells and distributes an outstanding portfolio of premium brands such as Johnnie Walker, Black Dog, Black & White, VAT 69, Antiquity, Signature, Royal Challenge, McDowell's No.1, Smirnoff and Captain Morgan. Headquartered in Bengaluru, our wide footprint is supported by a committed team of over 3500 employees, 50 manufacturing facilities across states and union territories in India, a strong distribution network and a state-of-the-art Technical Centre.

Present in India as United Spirits Limited (USL), the company is listed on both the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. For more information about Diageo India, our people, our brands, and performance, visit us at www.diageoindia.com. Promoting responsible consumption of alcohol is at the core of our business.

Visit Diageo's global responsible drinking resource, <http://www.DRINKiQ.com>, for information, initiatives, and ways to share best practices.

For media queries, please contact

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