

UNITED SPIRITS LIMITED

Corporate Identification Number: L01551KA1999PLC024991
Regd. Office: 'UB Tower', #24, Vittal Mallya Road, Bengaluru – 560 001
Email ID: investor.india@diageo.com; Tel No: 080-4544 8000; Fax No: 080-3985 6862
Website: www.diageoindia.com

**MEETING OF THE UNSECURED CREDITORS OF UNITED SPIRITS LIMITED CONVENED AS PER THE DIRECTIONS OF
THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH**

MEETING

Day	Thursday
Date	September 30, 2021
Time	1.00 p.m. (IST)
Venue*	Meeting to be held through Video Conferencing or Other Audio-Visual Means

* Please note that there shall be no meeting requiring physical presence at a common venue in view of the present circumstances on account of the COVID-19 pandemic.

REMOTE E-VOTING:

Start Date and Time	Tuesday, August 31, 2021, 10.00 a.m. (IST)
End Date and Time	Wednesday, September 29, 2021, 5.00 p.m. (IST)

INDEX

Sr. No.	Particulars	Page No.
1.	Notice convening meeting of the unsecured creditors of United Spirits Limited under the provisions of Sections 230 to 232 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and pursuant to the directions of the National Company Law Tribunal, Bengaluru Bench	3
2.	Explanatory Statement under Sections 230(3), 232(1), 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016	6
3.	Annexure 1 Scheme of Amalgamation and Arrangement under Sections 230 to 232 of the Companies Act, 2013 amongst Pioneer Distilleries Limited and United Spirits Limited and their respective shareholders and creditors	15
4.	Annexure 2 Valuation Report issued by Manuj Singhal, registered valuer dated December 2, 2019	43
5.	Annexure 3 Valuation Report issued by S R B C & CO LLP, independent chartered accountants, dated December 2, 2019	55
6.	Annexure 4 Fairness Opinion issued to United Spirits Limited by Pantomath Capital Advisors (Private) Limited, a SEBI registered merchant banker, dated December 2, 2019	81
7.	Annexure 5 Fairness Opinion issued to Pioneer Distilleries Limited by Saffron Capital Advisors Private Limited, a SEBI registered merchant banker dated December 2, 2019	86
8.	Annexure 6 Pre-Scheme and Expected Post-Scheme shareholding pattern of United Spirits Limited and Pre-Scheme shareholding pattern of Pioneer Distilleries Limited as of June 30, 2021	93
9.	Annexure 7 Letters of United Spirits Limited to the stock exchanges containing the disclosure in relation to (a) the status of certain members of the UB Group (as defined in Annexure) who continue to be identified as promoters of United Spirits Limited for historical reasons and (b) an ongoing dispute between United Spirits Limited and IDBI Bank, and the inclusion of United Spirits Limited and its directors in the list of defaulters as part of the Reserve Bank of India's database on non-suit filed accounts	94
10.	Annexure 8 Extract of the disclosure by United Spirits Limited to the stock exchanges in relation to United Breweries (Holdings) Limited and Kingfisher Finvest India Limited, continuing to be identified as promoters of United Spirits Limited, and certain proceedings against them	104
11.	Annexure 9 Observation Letter issued to United Spirits Limited by BSE Limited dated October 21, 2020	133
12.	Annexure 10 Observation Letter issued to United Spirits Limited by National Stock Exchange of India Limited dated October 22, 2020	135
13.	Annexure 11 Observation Letter issued to Pioneer Distilleries Limited by BSE Limited dated October 21, 2020	137
14.	Annexure 12 Observation Letter issued to Pioneer Distilleries Limited by National Stock Exchange of India Limited dated October 22, 2020	139
15.	Annexure 13 Complaints Report dated March 3, 2020 submitted to BSE Limited by United Spirits Limited	141

Sr. No.	Particulars	Page No.
16.	Annexure 14 Complaints Report dated March 3, 2020 submitted to National Stock Exchange of India Limited by United Spirits Limited	142
17.	Annexure 15 Complaints Report dated March 3, 2020 submitted to BSE Limited by Pioneer Distilleries Limited	143
18.	Annexure 16 Complaints Report dated March 3, 2020 submitted to National Stock Exchange of India Limited by Pioneer Distilleries Limited	144
19.	Annexure 17 Unaudited Financial Results of United Spirits Limited for the period ended June 30, 2021	145
20.	Annexure 18 Unaudited Financial Results of Pioneer Distilleries Limited for the period ended June 30, 2021	162
21.	Annexure 19 Report adopted by the Board of Directors of United Spirits Limited pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013	166
22.	Annexure 20 Report adopted by the Board of Directors of Pioneer Distilleries Limited pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013	169

Form No. CAA 2
[Pursuant to Section 230(3) and Rule 6 and 7]

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENGALURU BENCH

Company Application (CAA) No. 9 / BB / 2021

IN THE MATTER OF SECTIONS 230 - 232 AND OTHER APPLICABLE
PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF SCHEME OF AMALGAMATION AND ARRANGEMENT
AMONGST

PIONEER DISTILLERIES LIMITED

a company incorporated under the Companies
Act, 1956, having its registered office at
UB Tower, Level – 10, # 24,
Vittal Mallya Road, Bengaluru – 560 001

...APPLICANT NO. 1 / TRANSFEROR COMPANY

AND

UNITED SPIRITS LIMITED

a company incorporated under the Companies
Act, 1956, having its registered office at
'UB Tower', # 24,
Vittal Mallya Road, Bengaluru - 560 001,
Karnataka, India

...APPLICANT NO. 2/TRANSFEREE COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**NOTICE OF THE MEETING OF THE UNSECURED CREDITORS OF UNITED
SPIRITS LIMITED, THE APPLICANT NO. 2 / TRANSFEREE COMPANY**

To,

The Unsecured Creditor(s) of United Spirits Limited (the "**Applicant No. 2/
Transferee Company**")

NOTICE is hereby given that by an order dated February 8, 2021 in Company Application (CAA) No. 9/BB/2021 read with the order dated August 13, 2021 in C.A. No. 58 of 2021 in Company Application (CAA) No. 9/BB/2021 ("**Orders**"), the Bengaluru Bench of the National Company Law Tribunal ("**NCLT**") has directed a meeting to be held of the unsecured creditors of the Applicant No. 2 / Transferee Company, for the purpose of considering and if thought fit, approving with or without modification, the arrangement, proposed in the Scheme of Amalgamation and Arrangement amongst Pioneer Distilleries Limited and United Spirits Limited and their respective shareholders and creditors ("**Scheme**").

In pursuance of the said Orders and as directed therein further notice is hereby given that a meeting of the unsecured creditors of the Applicant No. 2 / Transferee Company will be held on Thursday, the 30th day of September, 2021 at 1.00 p.m. (IST) ("**Meeting**") through video conferencing or other audio-visual means ("**VC/ OAVM**") in compliance with the applicable provisions of the Companies Act, 2013 following the operating procedures (with requisite modifications as may be required) referred to in General Circular No. 14/2020 dated April 8, 2020 read with General Circular No. 17/2020 dated April 13, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020 and General Circular No. 10/2021 dated June 23, 2021 issued by the Ministry of Corporate Affairs, Government of India (the "**MCA Circulars**"), at which day, date and time the said unsecured creditors are requested to attend.

TAKE FURTHER NOTICE that there shall be no meeting requiring physical presence at a common venue in view of the present circumstances on account of the COVID-19 pandemic. In compliance with the MCA Circulars, the facility of appointment of proxies by unsecured creditors will not be available for the Meeting. However, a body corporate which is an unsecured creditor is entitled to appoint a representative for the purposes of participating and/or voting during the Meeting.

TAKE FURTHER NOTICE that the explanatory statement under Sections 230(3), 232(1), 232(2) and 102 of the Companies Act, 2013 read with Rule

6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the copy of the Scheme and other annexures, as stated in the index, are enclosed herewith.

The NCLT has appointed Mr. Girish Kumar, Advocate to be the Chairman of the Meeting. The Scheme, if approved by the unsecured creditors, will be subject to the subsequent approval of the NCLT.

Copies of the notice in relation to the Meeting, together with the documents accompanying the same, including the explanatory statement under Sections 230(3), 232(1), 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the Scheme can be obtained free of charge on any working day between 11:00 a.m. to 4:00 p.m. (IST) (except Saturday, Sunday and public holidays) from the registered office of the Applicant No. 2 / Transferee Company at 'UB Tower', #24, Vittal Mallya Road, Bengaluru - 560 001, Karnataka, India until the date of the meeting. A copy of this notice and the accompanying documents will be placed on the website of the Applicant No. 2 / Transferee Company at www.diageoindia.com and will also be available on the website of BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) at www.bseindia.com and www.nseindia.com respectively and also on the website of Central Depository Services (India) Limited (CDSL) at www.evotingindia.com.

TAKE FURTHER NOTICE that in compliance with the provisions of (i) Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 as amended; and (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Applicant No. 2 / Transferee Company has provided the facility of voting by remote e-voting using the facility offered by CDSL so as to enable the unsecured creditors, to consider and if thought fit, approve the Scheme. Accordingly, voting by unsecured creditors of the Applicant No. 2 / Transferee Company to the Scheme shall be carried out through (a) remote e-voting; and (b) e-voting during the Meeting to be held on September 30, 2021.

The Notice, together with the documents accompanying the same, is being sent to by permitted mode, to all the unsecured creditors whose names appear in the Chartered Accountant's certificate certifying the list of unsecured creditors of the Transferee Company as on October 31, 2020 as had been filed with the NCLT in Company Application (CAA) No. 9 / BB / 2021. The unsecured creditors may refer to the notes of this notice for further details on e-voting.

The unsecured creditors are requested to attend, to consider and, if thought fit, to pass the following resolution under Sections 230 to 232 of the Companies Act, 2013 (including any statutory modification(s) thereof for the time being in force):

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) thereof for the time being in force) as may be applicable, Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, issued by the Securities and Exchange Board of India, the observation letters dated October 22, 2020 and October 21, 2020 issued by each of the National Stock Exchange of India Limited and the BSE Limited, respectively and subject to and other applicable provisions of the Memorandum and Articles of Association of United Spirits Limited (the "**Company**") and subject to the approval of the National Company Law Tribunal ("**NCLT**") at Bengaluru and subject to such other consents, approvals, permissions and sanctions of any regulatory and other authorities, as may be necessary and subject to such other conditions and modifications, which may be prescribed or imposed by the Bengaluru Bench of the NCLT or by any regulatory or other authorities, while granting such consents, approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "**Board**" which term shall be deemed to mean and include one or more committee(s) constituted/to be constituted by the Board or any other person authorized by it to exercise its power including the powers conferred by this resolution), the arrangement embodied in the Scheme of Amalgamation and Arrangement amongst Pioneer Distilleries Limited and the Company and their respective shareholders and creditors (hereinafter referred to as "**Scheme**") placed before this Meeting, be and is hereby approved.

RESOLVED FURTHER THAT any Director, the Company Secretary of the Company, and any other person authorized by the Board, be and are hereby severally authorised to do all such acts, deeds, matters and things, as he/she may, in his/her absolute discretion deem requisite, desirable,

appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Bengaluru Bench of the NCLT while sanctioning the Scheme or by any authorities under law or by stock exchanges, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme."

Place: Bengaluru
Date: August 25, 2021

Girish Kumar
Chairman appointed for the Meeting

Registered Office:

'UB Tower', #24,
Vittal Mallya Road
Bengaluru – 560001
CIN: L01551KA1999PLC024991

Notes:

- (1) In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs vide the MCA Circulars permitted companies to hold extraordinary general meetings through video conference ("VC") or other audio-visual means ("OAVM"), without the physical presence of unsecured creditors at a common venue. Accordingly, the Meeting of the Transferee Company will be held through VC/OAVM. In accordance with the Secretarial Standard-2 on General Meetings issued by The Institute of Company Secretaries of India ("ICSI") read with the Clarification/ Guidance on applicability of Secretarial Standards issued by the ICSI, the proceedings of the Meeting shall be deemed to be conducted at the Registered Office of the Transferee Company. Since the Meeting will be held through VC/OAVM, the route map is not annexed to this notice.
- (2) The MCA Circulars waived the requirement of permitting the unsecured creditors to appoint proxies to attend and vote on his/her behalf, as the Meeting is being held through VC. Accordingly, the facility for appointment of proxies by the unsecured creditors will not be available. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the unsecured creditors such as the President of India or the Governor of a State or body corporate can attend the Meeting through VC/OAVM and cast their votes through e-voting.
- (3) Corporate unsecured creditors intending to authorize their representatives to participate at the Meeting are requested to send a certified copy of the board resolution/authorization letter to the Scrutinizer by email at the email id kaizer_magdum@yahoo.com or to the Transferee Company at the email Id investor.india@diageo.com or upload on the VC portal/e-voting Portal.
- (4) Participation of unsecured creditors through VC/OAVM will be reckoned for the purpose of quorum for the Meeting as per Section 103 of the Companies Act, 2013. In terms of the Order, the quorum for the said Meeting is 20 unsecured creditors or 30% of unsecured creditors in terms of total value.
- (5) In compliance with the aforesaid MCA Circulars, notice of the Meeting together with the documents accompanying the same, including the explanatory statement and the Scheme is being sent only through electronic mode to those unsecured creditors whose names appear in the books of accounts of the Transferee Company as on October 31, 2020. For such unsecured creditors whose e-mail addresses are not available, these documents are being sent in physical, through permitted mode, at their last known address. In case the e-mail id / address of any unsecured creditor is not updated with the Transferee Company, then such unsecured creditor is requested to contact the Transferee Company for updating these details by sending an email to investor.India@diageo.com.
- (6) Unsecured creditors may note that the notice, explanatory statement along with the Annexures will also be available on the Transferee Company's website www.diageoindia.com, websites of the stock exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

- (7) In compliance with the provisions of sections 108 and 110 of the Companies Act, 2013 and rules 20 and 22 of the Companies (Management and Administrations) Rules, 2014, the Transferee Company is pleased to provide to unsecured creditors with a facility to exercise their right to vote by electronic means (prior to and during the Meeting) and the votes may be cast through electronic voting (e-voting) services provided by Central Depository Services (India) Limited (CDSL).
- (8) Facility for e-voting shall also be made available during the Meeting and unsecured creditors attending the meeting through video conference, who have not already cast their vote by remote e-voting can exercise their vote during the Meeting.
- (9) Unsecured creditor(s) can opt for only one mode of voting out of the aforementioned modes viz. remote e-voting either prior to the Meeting or during the Meeting. Unsecured creditors who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.
- (10) A person, whose names appear in the books of accounts of the Transferee Company as on October 31, 2020 only shall be entitled to avail the facility of remote e-voting as well as e-voting at the Meeting. Any recipient of this Notice who is not an unsecured creditor of the Transferee Company as on October 31, 2020 should treat this notice for information purposes only and will not be entitled to vote. The voting rights of an unsecured creditor shall be in proportion to their outstanding amount as per the books of accounts of the Transferee Company as on October 31, 2020.
- (11) In terms of the directions contained in the Order, the notice convening the Meeting will be published through advertisement in the newspapers, Business Standard in English and in Prajavani in Kannada, both having wide circulation in Karnataka.
- (12) Relevant documents referred to in the notice and the explanatory statement are open for inspection by the unsecured creditors of the Transferee Company at UB Tower, #24, Vittal Mallya Road, Bengaluru – 560 001 between 11 a.m. to 12.00 p.m.(IST) on any working day up to the date of the Meeting. Unsecured creditors desiring inspection of these documents through electronic mode may send their request in writing to the Transferee Company at investor.india@diageo.com and the Transferee Company shall provide inspection through electronic mode to such unsecured creditors.
- (13) The voting period for remote e-voting shall commence on and from August 31, 2021, at 10.00 a.m. (IST) and end on September 29, 2021, at 5.00 p.m. (IST). The remote e-voting module shall be disabled by CDSL for voting at 05:00 p.m. (IST), on September 29, 2021. Once the vote on a resolution is cast by the unsecured creditor, the unsecured creditor shall not be allowed to change it subsequently.
- (14) The details of the process and manner for remote e-voting are explained herein below:
 - (i) The unsecured creditors should log on to the e-voting website www.evotingindia.com.
 - (ii) Click on "Shareholders/Members" module.
 - (iii) Now enter your User ID, as mentioned in covering email / letter in case of soft copy/ hard copy respectively.
 - (iv) Next enter the Image Verification as displayed and Click on "Login".

PAN	Enter alphanumeric sequence Number: <Sequence Number>
Dividend Bank Details OR Date of Birth (DOB)	<ul style="list-style-type: none"> Please enter the vendor code as mentioned above in the Dividend Bank details field. <p>Note: System will block the date of birth column once you enter the vendor code in Bank details tab. Do not try entering anything in date of birth tab.</p>

- (v) After entering these details appropriately, click on "SUBMIT" tab.
 - (vi) Click on the EVSN (Electronic Voting Sequence Number) for United Spirits Limited on which you choose to vote.
 - (vii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option "YES" or "NO" as desired. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.
 - (viii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (ix) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (x) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (xi) You can also take a print-out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (15) Instructions for e-voting for unsecured creditors casting votes during the Meeting
- (i) The procedure for e-voting during the Meeting is same as the instructions mentioned above for remote e-voting.
 - (ii) Only those unsecured creditors, who are present in the Meeting through VC/OAVM facility and have not casted their vote on the Resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the Meeting.
 - (iii) If any votes are cast by the unsecured creditors through the e-voting available during the Meeting and if the same unsecured creditors have not participated in the meeting through VC/OAVM facility, then the votes casted by such unsecured creditors shall be considered as invalid, as the facility of e-voting during the meeting is available only to the unsecured creditors attending the Meeting.
 - (iv) Unsecured creditors who have voted through remote e-voting will be eligible to attend the Meeting. However, they will not be eligible to vote during the Meeting.
- (16) Instructions with respect to participation by video conference are as follows:
- (i) Unsecured creditors are provided with a facility to attend the Meeting through VC/OAVM through the CDSL e-voting system. Unsecured creditors may access the same at www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of the Transferee Company will be displayed.
 - (ii) Unsecured creditors are encouraged to join the Meeting through laptops/tablets for better experience.
 - (iii) Further, the unsecured creditors are advised to allow Camera and use internet with good bandwidth to avoid any disturbance during the Meeting.
 - (iv) Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- (17) Unsecured creditors who would like to express their views/ask questions during the Meeting are requested to register themselves as a speaker by sending their request at least 5 days prior to the Meeting mentioning their name, address, PAN, email id and mobile number to investor.india@diageo.com. The unsecured creditors who do not wish to speak during the Meeting but have queries are encouraged to send their queries 5 days prior to meeting mentioning their mentioning their name, address, PAN, email id and mobile number to investor.india@diageo.com. These queries will be responded appropriately by the Transferee Company.
- (18) Those unsecured creditors who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- (19) The NCLT has appointed Mr. Kaiser Magdum, Company Secretary in Practice (CP - 9043); Address: #255, 8th Block, 3rd Main, Koramangala, Bangalore - 560 034, to act as scrutinizer to scrutinise votes cast either at the Meeting through e-voting or through remote e-voting and submit a report on votes cast to the Chairman of the Meeting.
- (20) In case you have any queries or issues regarding e-voting, you may refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542). All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL), Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400 013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.
- (21) The Scrutinizer shall, not later than 48 hours from conclusion of the Meeting, make a consolidated Scrutinizer's report of the total votes cast in favour and against the resolution and invalid votes, if any, to the Chairman of the Meeting or a person authorized by him in writing who shall countersign the same. The result of the voting shall be announced by the Chairman, upon receipt of scrutinizer's report and the same shall be placed on the Transferee Company's website www.diageoindia.com and on the website of CDSL at www.evotingindia.com immediately after the results are declared and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Transferee Company are listed on the said date.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

Company Application (CAA) No. 9 / BB / 2021

IN THE MATTER OF SECTIONS 230 - 232 AND OTHER APPLICABLE
PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF SCHEME OF AMALGAMATION AND ARRANGEMENT
AMONGST

PIONEER DISTILLERIES LIMITED

a company incorporated under the Companies
Act, 1956, having its registered office at
UB Tower, Level – 10, # 24,
Vittal Mallya Road, Bengaluru – 560 001

...APPLICANT NO. 1 / TRANSFEROR COMPANY

AND

UNITED SPIRITS LIMITED

a company incorporated under the Companies
Act, 1956, having its registered office at
'UB Tower', # 24,
Vittal Mallya Road, Bengaluru - 560 001,
Karnataka, India

...APPLICANT NO. 2 / TRANSFEE COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232(1), 232(2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO THE NOTICE FOR THE MEETING OF THE UNSECURED CREDITORS OF UNITED SPIRITS LIMITED DIRECTED TO BE CONVENED BY THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

- The Scheme of Amalgamation and Arrangement amongst Pioneer Distilleries Limited (the "**Transferor Company**") and United Spirits Limited (the "**Transferee Company**") and their respective shareholders and creditors is referred to as the "**Scheme**" or "**this Scheme**" and the Transferor Company and the Transferee Company are within the jurisdiction of National Company Law Tribunal ("**NCLT**"), Bengaluru Bench. United Spirits Limited is the "Applicant No.2 / Transferee Company" in Company Application (CAA) No. 9 / BB / 2021. Pioneer Distilleries Limited and United Spirits Limited are hereinafter collectively referred to as the "**Companies**".
- Capitalized terms which are used in this explanatory statement but which are not defined herein shall have the meaning assigned to them in the Scheme, unless stated otherwise.
- This is an explanatory statement accompanying the notice convening the meeting of the unsecured creditors of the Transferee Company to be held on Thursday, the 30th day of September, 2021 at 01.00 p.m. (IST) ("**Meeting**") through video conferencing or other audio-visual means ("**VC/ OAVM**"), pursuant to an order dated February 8, 2021 in Company Application (CAA) No. 9/BB/2021 read with the order dated August 13, 2021 in C.A. No. 58 of 2021 in Company Application (CAA) No. 9/BB/2021 ("**Orders**"), passed by the Bengaluru Bench of the NCLT for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme.
- In accordance with the provisions of Sections 230 - 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three-fourths (3/4th) in value of the unsecured creditors, of the Transferee Company, voting through e-voting at the Meeting or through remote e-voting, agree to the Scheme.
- In terms of the said orders the quorum for the said Meeting is 20 unsecured creditors or 30% of unsecured creditors in terms of total value. Further in terms of the said Order, the NCLT has appointed Mr. Girish Kumar, Advocate to be the Chairman of the said Meeting.
- A copy of the Scheme as approved by the Board of Directors of the

Transferee Company, after undertaking necessary modifications recommended by the stock exchanges is enclosed as **Annexure 1**. The proposed Scheme, in its present form or with any modification approved or imposed or directed by the NCLT is envisaged to be effective from the Appointed Date (as defined in the Scheme) but shall be made operative from the Effective Date (as defined in the Scheme).

- The Scheme was placed before the Audit Committee and Board of Directors of the Transferee Company at their respective meetings held on December 2, 2019. In accordance with the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by SEBI ("**SEBI Circular**"), the Audit Committee of the Transferee Company recommended the Scheme to the Board of Directors of the Transferee Company inter-alia taking into account:
 - The valuation report dated December 2, 2019, prepared by Manuj Singhal, registered valuer, and the valuation report dated December 2, 2019, prepared by S R B C & CO LLP, independent chartered accountants, setting out the recommended share exchange ratio, enclosed herewith as **Annexures 2 and 3** respectively;
 - The fairness opinion dated December 2, 2019, prepared by Pantomath Capital Advisors (Private) Limited, a SEBI registered merchant banker, providing the fairness opinion on the share exchange ratio, enclosed herewith as **Annexure 4**; and
 - The certificate from the statutory auditors of the Transferee Company, Price Waterhouse & Co. Chartered Accountants LLP, confirming that the accounting treatment as specified in the Scheme is in compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and other generally accepted accounting principles.
- The Board of Directors of the Companies, at their respective meetings held on December 2, 2019, approved the Scheme. Subsequently, based on the comments received from the stock exchanges on the Scheme, certain clauses of the Scheme were revised with the approval of the Special Committees of the Companies, constituted for this purpose, vide their respective resolutions dated February 28, 2020.

DETAILS AS PER RULE 6(3) OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. Details of the Transferee Company

Details of United Spirits Limited	
Corporate identification number (CIN)	L01551KA1999PLC024991
Permanent account number (PAN)	AACCM8043J
Date of incorporation	March 31, 1999
Type of company	Public limited company
Registered office address	'UB Tower', #24, Vittal Mallya Road, Bengaluru – 560 001, Karnataka, India
E-mail address	investor.india@diageo.com
Name of the stock exchange(s) where securities of company are listed	BSE Limited and National Stock Exchange of India Limited

2. Summary of the main objects as per the memorandum of association of the Transferee Company

The objects of the Transferee Company are set out in the Memorandum of Association.

"III. (A) MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:

- To manufacture Alcohol, Rectified Spirit, Potable and Industrial Alcohol.
- To manufacture, brew, distill, blend, compound, prepare, process, render potable or marketable all sorts of liquors, wines, spirits and beers;
- To carry on all or any of the business of malt factors, general and wine and spirits merchants, either as exporters or importers and distilleries,

commission agents, warehousemen, bottlers, bottle makers, bottle stopper makers, potter, manufacturers of and dealers in aerated and mineral waters and other drinks, licensed victualers, beer house keepers, yeast dealers.

(B) OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF MAIN OBJECTS:

...

18. To amalgamate or merge with, or absorb or takeover one or more than one company or body corporate or enter into partnership, joint venture or profit sharing arrangement with such companies, whether or not having similar objects as of this Company, acquire by demerger or otherwise business or undertaking of any other company or demerge a division or undertaking of the Company, and to do all such incidental acts, deeds and things as may be necessary to give effect to the amalgamation, merger, absorption, takeover, partnership, joint venture or other arrangement, acquisition or demerger, as the case may be."

3. Main business carried on by the Transferee Company

The Transferee Company is *inter alia* engaged in the business of distilling, rectifying and blending of spirits; ethyl alcohol production from fermented material.

4. Details of change of name of the Transferee Company during the last five years

The Transferee Company was incorporated on March 31, 1999 as a public limited company under the name of "McDowell Spirits Limited" under the Companies Act, 1956. Subsequently, the name of the Transferee Company was changed from "McDowell Spirits Limited" to "McDowell and Company Limited" on April 12, 2001. Again, the name of the Transferee Company was changed to its present name "United Spirits Limited" on October 17, 2006. Accordingly, there has been no change in the name of the Transferee Company during the last five years.

5. Details of change in registered office of the Transferee Company during the last five years

There has been no change in the registered office of the Transferee Company during the last five years.

6. Details of change in objects of the Transferee Company during the last five years

There has been no change in the objects clause of the Memorandum of Association of the Transferee Company in the last five years.

7. Details of the capital structure of the Transferee Company including authorised, issued, subscribed and paid-up share capital

The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on June 30, 2021 is as follows:

Particulars	Amount (INR)
Authorised Capital	
2,740,000,000 Equity Shares of Rs.2/- each	5,480,000,000
171,200,000 Preference Shares of Rs.10/- each	1,712,000,000
Total	7,192,000,000
Issued, Subscribed and Paid-up	
726,638,715 Equity Shares of Rs.2/- each	1,453,277,430
Total	1,453,277,430

There has been no change in the authorised, issued, subscribed and paid-up share capital of the Transferee Company since June 30, 2021.

8. Names of the promoters of the Transferee Company along with their addresses

Sl. No.	Name	Address
1.	Relay B.V.	Molenwerf -12, 1014, BG, Amsterdam, Netherlands
2.	Vittal Investments Private Limited	143(65), West Coovem Iver Road, 1 st Floor, Chintadripet, Chennai- 600002
3.	Vijay Mallya	Lady Walk, Queen Hoo Lane, Tewin, Welwyn, Hertfordshire, AL6 0LT, United Kingdom

Sl. No.	Name	Address
4.	United Breweries (Holdings) Limited	UB Tower, Level-12, Vittal Mallya Road, Bangalore - 560001
5.	Rossi and Associates Private Limited	A/3 Sangam Bhavan, Opp Strand Cinema, Colaba, Mumbai - 400005
6.	Kingfisher Finvest India Limited	UB Tower, Level-12, Vittal Mallya Road, Bangalore - 560001
7.	Mallya Private Limited	2 Minto Park Kolkata - 700027
8.	Devi Investments Private Limited	72, Mittal Chambers, 7th Floor Nariman Point Mumbai 400021

9. Names of the directors of the Transferee Company along with their addresses:

Sl. No.	Name	Address
1.	Mr. Mahendra Kumar Sharma	192, Centrum Towers-A, Barkat Ali Road, Near Wadala Flyover, Wadala (E) Mumbai 400037
2.	Dr. (Ms.) Indu Ranjit Shahani	Flat 56, Hill Park, A G Bell Road Opp Malabar Hill Telephone Exchange Mumbai 400006
3.	Ms. Hina Nagarajan	3518, DLF Phase-4, DLF City, Gurgaon, Haryana, India - 122 001.
4.	Mr. Rajeev Gupta	Krishna Kutir, 28 Union Park Bandra West Mumbai 400050
5.	Mr. Vegulaparanan Kasi Viswanathan	F-01,1st Floor, Legacy Caldera 56 Srt Road, Cunningham Cross Road Bengaluru 560052
6.	Mr. Vinod Rao	Pioneer Client Associates, #61 Chimes, 5th Floor, Gurgaon, Sector 44, Kanahi(73), 122003 Haryana, India
7.	Mr. Sivanandhan Dhanushkodi	1803, Ashok Towers, Dr. Babasaheb Ambedkar Road, Parel, Mumbai 400012
8.	Mr. Randall David Ingber	5 Howitt St, Glen Iris Vic 3146 Melbourne 3146 AU
9.	Mr. John Thomas Kennedy	26 Cowper Road Rathmines Dublin 6 IE

10. Details of the Board Meeting of the Transferee Company at which the Scheme was approved

The Board of Directors of the Transferee Company approved the Scheme at its meeting held on December 2, 2019.

The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate in the resolution is given below:

Sl. No.	Name of the Director	Voted
1.	Mr. M K Sharma	For the resolution
2.	Mr. Anand Kripalu*	For the resolution
3.	Mr. Sanjeev Churiwala**	Was granted leave of absence
4.	Mr. Vinod Rao	For the resolution***
5.	Mr. John Thomas Kennedy	Was granted leave of absence
6.	Mr. Randall Ingber	For the resolution***
7.	Dr. (Ms.) Indu Shahani	For the resolution
8.	Mr. D Sivanandhan	For the resolution
9.	Mr. V K Viswanathan	For the resolution***
10.	Mr. Rajeev Gupta	Was granted leave of absence

* Ceased to be a director with effect from July 1, 2021.

** Ceased to be a director with effect from October 1, 2020.

*** Attended the board meeting through video conference.

11. Extent of shareholding of directors and key managerial personnel of the Transferee Company

The details of the present directors and KMP of the Transferee Company and their respective shareholdings in the Companies as on June 30, 2021 are as follows:

Name of Directors /KMP	Designation	Shares held in the Transferor Company	Shares held in the Transferee Company
Mr. M K Sharma	Independent Director- Chairman	Nil	Nil
Ms. Hina Nagarajan	Managing Director and Chief Executive Officer	Nil	Nil
Mr. Vinod Rao	Nominee Director	Nil	Nil
Mr. John Thomas Kennedy	Nominee Director	Nil	Nil
Mr. Randall Ingber	Nominee Director	Nil	Nil
Dr. (Ms.) Indu Shahani	Independent Director	Nil	Nil
Mr. D Sivanandhan	Independent Director	Nil	332
Mr. V K Viswanathan	Independent Director	Nil	Nil
Mr. Rajeev Gupta	Independent Director	Nil	Nil
Mr. Pradeep Jain	Chief Financial Officer	Nil	Nil
Mr. Mital Sanghvi	Company Secretary	Nil	Nil

12. Disclosure about effect of the Scheme on the material interests of directors, Key Managerial Personnel (KMP) and debenture trustee of the Transferee Company

The Directors or KMPs of the Transferee Company do not have any other interest in the Scheme except to the extent of their shareholding, if any, in any of Companies involved in the Scheme. Further, the Transferee Company does not have any debentures. Therefore, the question on the effect of the Scheme on the material interests of the debenture trustee does not arise.

13. Effect of the Scheme on following parties in relation to the Transferee Company

Sl. No.	Category of stakeholder	Effect of the Scheme
(a)	Shareholders	<p>Upon coming into effect of the Scheme and in consideration for the amalgamation, the Transferee Company shall, without any further application or deed, issue and allot its equity shares, credited as fully paid up, to all the equity shareholders holding fully paid up equity shares of the Transferor Company whose names appear in the register of members of the Transferor Company and / or whose names appear as the beneficial owner of the shares of the Transferor Company in the records of the depository, as on the record date, to be fixed for the purpose of reckoning names of the equity shareholders of the Transferor Company ("Transferor Company Shareholders").</p> <p>The equity shares of the Transferee Company to be allotted to the members of the Transferor Company shall be allotted in the following ratio:</p> <p>10 (Ten) fully paid up equity shares of face value Rs. 2 (Rupees</p>

Sl. No.	Category of stakeholder	Effect of the Scheme
		<p>two only) each of the Transferee Company, to be issued for every 47 (Forty Seven) fully paid up equity shares of face value Rs. 10 (Rupees ten only) each held by the Transferor Company Shareholders.</p> <p>In case any equity shareholder of the Transferor Company becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such member but shall consolidate such fractions and issue consolidated shares to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.</p> <p>The equity shares held by the Transferee Company in the Transferor Company shall stand cancelled as an integral part of the Scheme and no equity shares of the Transferee Company shall be allotted in respect of such equity shares. The 62,400 forfeited shares of the Transferor Company shall stand extinguished and cancelled and an amount of Rs. 3,12,000 shall be transferred to the head 'Capital Reserve' in the financial statement of the Transferee Company.</p> <p>The authorised share capital of the Transferor Company shall be deemed to be added to the authorised share capital of the Transferee Company in the manner as enumerated in Clause 15 of the Scheme. Accordingly, Clause V of the memorandum of association of the Transferee Company shall be altered.</p> <p>The amalgamation will result in dilution of holding of the existing shareholders of the Transferee Company by approximately 0.1% on such expanded capital due to such additional issue of shares and of the promoters of the Transferee Company by 0.06%, and in turn result in an increase in the public float of the Transferee Company's shares by 0.06%. This will in turn increase the free float of the shares of the Transferee Company.</p>
(b)	Key Managerial Personnel (KMP)	No rights of the Key Managerial Personnel (KMP) of the Transferee Company are being affected as a result of the Scheme.
(c)	Directors	The directors of the Transferee Company or their relatives do not have any other interest in the Scheme except to the extent of their shareholding, if any. Further, none of the directors and / or relatives of the directors of the Transferee Company are concerned or interested, financially or otherwise, in the proposed Scheme.
(d)	Promoters	Refer to point (a) above for details regarding the effect on the shareholders. The promoters of the Transferee Company, subject to applicable laws, from time to time, shall continue to remain promoters after the Scheme becomes effective.

Sl. No.	Category of stakeholder	Effect of the Scheme
(e)	Non-Promoter Shareholders	Refer point (a) above for details regarding the effect on the non-promoter shareholders.
(f)	Creditors	Under the Scheme, there is no arrangement with the creditors of the Transferee Company. No compromise is offered under the Scheme to any of the creditors of the Transferee Company. The liability towards the creditors of the Transferee Company is being neither reduced nor extinguished and consequently, the creditors of the Transferee Company will not be affected in any manner by the Scheme.
(g)	Depositors	The Transferee Company does not have any deposits. Therefore, the question on the effect of the Scheme on depositors does not arise.
(h)	Debenture Holders	The Transferee Company does not have any debentures. Therefore, the question on the effect of the Scheme on debenture holders does not arise.
(i)	Debenture Trustee and Depositor Trustee	The Transferee Company does not have any debentures or depositors. Therefore, the question on the effect of the Scheme on the debenture trustee or a depositor trustee does not arise.
(j)	Employees	No rights of the staff or the employees of the Transferee Company are being affected as a result of the Scheme.

14. Amount due to unsecured creditors by the Transferee Company

The amount due from the Transferee Company to its unsecured creditors as on October 31, 2020 is INR 2351,33,56,395.07.

15. Details of investigation / proceedings pending against the Transferee Company under the Companies Act, 2013.

The Transferee Company has received the following show cause notices under the Companies Act, 2013 / the Companies Act, 1956 from the Registrar of Companies, Karnataka, as described below:

- The Transferee Company received a show cause notice no. ROCB/MMM/SCN/SEC 188/24991/2016 dated June 23, 2016 in relation to an alleged violation of Section 188 of the Companies Act, 2013 for entering into certain related party transactions without shareholders' approval. The Transferee Company responded to this notice on August 3, 2016. Subsequently, the Transferee Company has filed a compounding application in these proceedings.
- The Transferee Company received show cause notice no. ROCB/MMM/SCN/SEC78/24991/2016 dated June 23, 2016 in relation to an alleged violation of Section 78 of the Companies Act, 1956, relating to a deduction of share issue expenses from the share premium account. The Transferee Company responded to this notice on August 3, 2016. Subsequently, the Transferee Company has filed a compounding application in these proceedings.
- The Transferee Company received show cause notice no. ROCB/MMM/Sec205/USL/024991/2016 dated June 23, 2016 in relation to alleged violations of Section 205 of the Companies Act, 1956 for issuance of dividend to a shareholder to whom preferential allotment was made after the finalisation of accounts. The Transferee Company has responded to the notice on August 4, 2016, October 31, 2017 and January 5, 2018.

The proceedings in relation to each of the show cause notices are currently pending.

16. Details of the Transferor Company

Details of Pioneer Distilleries Limited	
Corporate identification number (CIN)	L24116KA1992PLC125992
Permanent account number (PAN)	AABCP9376J
Date of incorporation	November 25, 1992

Type of company	Public Limited Company
Registered office address	Level 10, UB Tower, #24, Vittal Mallya Road, Bengaluru – 560001
E-mail address	pdlinvestor.india@diageo.com
Name of the stock exchange(s) where securities of company are listed	BSE Limited and National Stock Exchange of India Limited

17. Summary of the main objects as per the memorandum of association of the Transferor Company

The objects of the Transferor Company are set out in the Memorandum of Association. They are briefly as under:-

“III. A. THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:

- To carry on the business of manufacture, import, export and deal in rectified spirit, industrial alcohol, denatured spirit, Extra Neutral Alcohol, Arrack, Alcohol of various grades by dry, wet or any process, and also manufacture and deal in all other chemicals and other products involving usage of alcohol in the process.
- To carry on the business of manufacture, export, import and deal in chemicals, wines, liquors of all grades and varieties and also the business of manufacture of food beverages and food canning, growing vine yards, barley malt and other vegetables and fruits necessary for the manufacture of the above said food products and also to carry on the business of grape merchants, importers, exporters, distillers, bottlers, bottle makers and other drinks.
- To carry on the business of manufacturer and dealers in chemicals, chemical compounds (organic and inorganic) in all forms and chemical products of any nature and kind whatsoever and all by products and joint products thereof.
- To carry on business as chemical engineers, analytical chemists, exporters, manufacturers and dealers in heavy chemicals, acids, alkalies, petro-chemicals, chemical compounds and chemicals of all kinds (solid, liquid and gaseous), drugs, medicines, pharmaceuticals, antibiotics, tannin, tannin extract, essences, solvents, plastics of all types, dyestuffs, intermediates, textile auxiliaries, cellophanes, colours, dyes, paints, varnishes, vat and other organic dyestuffs, chemical auxiliaries, disinfectants, insecticides, fungicides, deodorants, biochemicals and pharmaceutical, medicinal, sizing, bleaching, photographic and other preparation and articles.
- To develop, research, improve, exports, imports, sell, buy and to deal in any manufacturing or processing technology of all types of ferrous, ferro products, ferro alloys, sintered products, the products of power metallurgy and other metal products.

B. OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS:

...

25. To amalgamate with any other company or companies having objects altogether or in part similar to those of this company.”

18. Main business carried on by the Transferor Company

The Transferor Company is inter alia 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.

19. Details of change of name of the Transferor Company during the last five years

The Transferor Company was incorporated on November 25, 1992 under the name “Ganga Orgchem Limited” under the Companies Act, 1956. Subsequently, the name of the Transferor Company was changed to its present name i.e., “Pioneer Distilleries Limited” on September 12, 1994. Accordingly, there has been no change in the name of the Transferor Company during the last five years.

20. Details of change in registered office of the Transferor Company during the last five years

The registered office of the Transferor Company was changed from Roxana Towers, Ground Floor, M. No. 7-1-24/1RT/G1&G2, Green Lands, Begumpet, Hyderabad 500016 to Level 10, UB Tower, #24, Vittal Mallya Road, Bengaluru – 560 001 on May 23, 2019.

21. Details of change in objects of the Transferor Company during the last five years

There has been no change in the objects Clause of the Memorandum of Association of the Transferor Company in the last five years.

22. Details of the capital structure of the Transferor Company including authorised, issued, subscribed and paid-up share capital

The authorised, issued, subscribed and paid-up share capital of the Transferor Company as at June 30, 2021 is as follows:

Particulars	Amount (INR)
Authorised Capital	
17,500,000 Equity Shares of Rs. 10 each	175,000,000
2,500,000 Preference Shares of Rs.10 each	25,000,000
Total	200,000,000
Issued, Subscribed and Fully Paid-up	
13,388,200 Equity Shares of Rs. 10 each	133,882,000
Forfeited shares	
62,400 Equity Shares of Rs. 5 each paid-up	312,000
Total	134,194,000

There has been no change in the authorised, issued, subscribed and paid-up share capital of the Transferor Company since June 30, 2021.

23. Name of the promoter of the Transferor Company along with its address

Name	Address
United Spirits Limited	'UB Tower', #24, Vittal Mallya Road, Bengaluru – 560 001

24. Names of the present directors of the Transferor Company along with their addresses

Sl. No.	Name	Address
1.	Mr. Alokesh Biswas	4/27, Akbar Road, Benachity, A-Zone, Pratappur, Bardhaman, Durgapur Steel Town West, West Bengal – 713204.
2.	Mr. Sanjeev Kumar Gupta	N601, Tower 7 Mayflower, Adarsh Palm Retreat, Bellandur, Devara Beesana Hall Bangalore 560103
3.	Ms. Mamta Sundara	# A332, A-3 Block Century Park Apartments 48/23 Richmond Road, Bangalore North Bangalore 560025
4.	Ms. Srivathsala Kanchi Nandagopal	No. 2595, 17th Cross, 8th Main Banashankari 2nd Stage Bangalore 560070
5.	Mr. Ramanujam Krishnamurthy	9/18, 1st Cross, Akkamma Block Dinnur Main Road, R T Nagar, Bangalore 560032
6.	Mr. Gopal Kothari*	B-204, Shriram Srishti Apartments, Sumangali Sevashram Road, Anand Nagar Hebbal, R T Nagar, Bangalore North, Bangalore – 560032

* Appointed as a director with effect from March 17, 2021.

25. Details of the Board Meeting of the Transferor Company at which the Scheme was approved

The Board of Directors of the Transferor Company approved the Scheme at its meeting held on December 2, 2019.

The details of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate in the resolution is given below:

Sl.No.	Name of the Director	Voted
1	Mr. R Krishnamurthy	For the resolution
2	Mr. Ravi Varma*	For the resolution [#]
3	Mr. Ajay Goel**	For the resolution
4	Ms. Mamta Sundara	Was granted leave of absence
5	Mr. Sanjeev Gupta	Was granted leave of absence
6	Ms. Srivathsala K N	For the resolution

[#] Attended the board meeting through video conference.

* Ceased to be a director with effect from July 1, 2020.

** Ceased to be a director with effect from March 17, 2021.

26. Extent of shareholding of directors and key managerial personnel of the Transferor Company

The details of the present directors and KMP of the Transferor Company and their respective shareholdings in the Companies as on June 30, 2021 are as follows:

Name of Directors / KMP	Designation	Shares held in the Transferee Company	Shares held in the Transferor Company
Mr. R Krishnamurthy	Independent Director / Chairman	Nil	Nil
Mr. Alokesh Biswas	Managing Director	Nil	Nil
Mr. Gopal Kothari	Director	Nil	Nil
Ms. Mamta Sundara	Director	Nil	Nil
Mr. Sanjeev Gupta	Director	Nil	Nil
Ms. Srivathsala K N	Independent Director	Nil	Nil
Mr. B L Akshara	Company Secretary	25	Nil
Mr. Sanjoy Sarkar	Chief Financial Officer	Nil	Nil

27. Effect of the Scheme on following parties in relation to the Transferor Company

Sl. No.	Category of stakeholder	Effect of the Scheme
(a)	Shareholders	<p>Upon coming into effect of the Scheme and in consideration for the amalgamation, the Transferee Company shall, without any further application or deed, issue and allot its equity shares, credited as fully paid up, to all the equity shareholders holding fully paid up equity shares of the Transferor Company whose names appear in the register of members of the Transferor Company and / or whose names appear as the beneficial owner of the shares of the Transferor Company in the records of the depository, as on the record date, to be fixed for the purpose of reckoning names of the equity shareholders of the Transferor Company ("Transferor Company Shareholders").</p> <p>The equity shares of the Transferee Company to be allotted to the members of the Transferor Company shall be allotted in the following ratio:</p> <p>10 (Ten) fully paid up equity shares of face value Rs. 2 (Rupees two only) each of the Transferee Company, to be issued for every 47 (Forty Seven) fully paid up equity shares of face value Rs. 10 (Rupees ten only) each held by the Transferor Company Shareholders.</p> <p>In case any equity shareholder of the Transferor Company becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such member but shall consolidate such fractions and issue consolidated shares to a trustee nominated by</p>

Sl. No.	Category of stakeholder	Effect of the Scheme
		<p>the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.</p> <p>The equity shares held by the Transferee Company in the Transferor Company shall stand cancelled as an integral part of the Scheme and no equity shares of the Transferee Company shall be allotted in respect of such equity shares. The 62,400 forfeited shares of the Transferor Company shall stand extinguished and cancelled.</p> <p>The authorised share capital of the Transferor Company shall be deemed to be added to the authorised share capital of the Transferee Company in the manner as enumerated in Clause 15 of the proposed Scheme.</p>
(b)	Key Managerial Personnel (KMP)	No rights of the Key Managerial Personnel (KMP) of the Transferor Company are being affected as a result of the Scheme.
(c)	Directors	The directors of the Transferor Company or their relatives do not have any other interest in the Scheme except to the extent of their shareholding, if any. Further, none of the directors and / or relatives of the directors of the Transferor Company are concerned or interested, financially or otherwise, in the proposed Scheme.
(d)	Promoters	Refer to point (a) above for details regarding the effect on the shareholders.
(e)	Non-Promoter Shareholders	Refer point (a) above for details regarding the effect on the non-promoter shareholders.
(f)	Creditors	Under the Scheme, there is no arrangement with the creditors of the Transferor Company. No compromise is offered under the Scheme to any of the creditors of the Transferor Company. The liability towards the creditors of the Transferor Company is being neither reduced nor extinguished and consequently, the creditors of the Transferor Company will not be affected in any manner by the Scheme.
(g)	Depositors	The Transferor Company does not have any deposits. Therefore, the question on the effect of the Scheme on depositors does not arise.
(h)	Debenture Holders	The Transferor Company does not have any debentures. Therefore, the question on the effect of the Scheme on debenture holders does not arise.

Sl. No.	Category of stakeholder	Effect of the Scheme
(i)	Debenture Trustee and Depositor Trustee	The Transferor Company does not have any debentures or deposits. Therefore, the question on the effect of the Scheme on the debenture trustee or a depositor trustee does not arise.
(j)	Employees	No rights of the staff or the employees of the Transferor Company are being affected as a result of the Scheme.

28. Disclosure about effect of Scheme on the material interests of directors, Key Managerial Personnel (KMP) and debenture trustee of the Transferor Company

The Directors or KMPs of the Transferor Company do not have any other interest in the Scheme except to the extent of their shareholding, if any, in any of Companies involved in the Scheme. Further, the Transferor Company does not have any debentures. Therefore, the question on the effect of the Scheme on the material interests of the debenture trustee does not arise.

29. Amount due to unsecured creditors by the Transferor Company

The amount due from the Transferor Company to its unsecured creditors as on October 31, 2020 is INR 633,36,09,269.75.

30. Details of investigation / proceedings pending against the Transferor Company under the Companies Act, 2013.

No investigation or prosecution instituted are pending under applicable provisions of the Companies Act, 2013 or erstwhile provisions of Companies Act, 1956 against the Transferor Company.

31. Relationship among the Companies who are parties to the Scheme

The Transferor Company is a subsidiary of the Transferee Company, which currently holds 75% shareholding in the Transferor Company.

32. Rationale and the benefits of the Scheme as perceived by the Board of Directors of the Transferee Company

The rationale for the Scheme is that the proposed amalgamation will achieve :

- simplification of the corporate structure and consolidation of the group's business;*
- 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;*
- overcoming limitations on raising capital for the Transferor Company, ensuring improved allocation of capital and optimum cash flows contributing to better utilisation of capacity and the overall growth of the combined entity;*
- creation of a larger asset base and facilitation of access to better financial resources;*
- savings on compliance / interest costs;*
- uninterrupted operations of the Transferor Company's plant in order to stabilize its business;*
- integration of the Transferor Company's operations with the Transferee Company resulting in benefits arising out of the synergies, especially since the Transferee Company is in the same line of business as the Transferor Company ; and*
- enhanced shareholder value pursuant to economies of scale and business efficiencies.*

The Transferor Company has been incurring losses in the recent past and its entire net worth has eroded. The Transferee Company holding 75% of the equity capital of the Transferor Company has to account to the extent of 75% of the losses of the Transferor Company while consolidating its accounts. Continuity of the Transferor Company without the active support of the Transferee Company would be very difficult. Amalgamation of the Transferor Company with the Transferee

Company would be beneficial to both the Companies including with respect to ease of getting uninterrupted financial and technical support and the Transferee Company getting the full benefit of the Transferor Company's manufacturing facilities.

The Scheme is expected to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.

The Amalgamation shall comply with the provisions of Section 2(1B) of the Income Tax Act, 1961.

33. Appointed Date, Effective Date, Record Date and Share Exchange Ratio

- (a) **Appointed Date:** The Appointed Date means April 1, 2019 or such date as may be fixed or approved by the NCLT.
- (b) **Effective Date:** The Effective Date means the last of the dates on which all the conditions and matters referred to in Clause 21.1 of the Scheme have been fulfilled, obtained or waived (to the extent possible under Applicable Law), as applicable.
- (c) **Record Date:** Record Date shall mean such date to be fixed by the respective Board of Directors of the Transferee Company and Transferor Company for the purpose of determining the members of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme.
- (d) **Share exchange ratio:** The shareholders of the Transferor Company shall be allotted 10 fully paid up equity shares of the Transferee Company of Rs. 2 (Rupees two only) each, for every 47 fully paid up equity shares of Rs. 10 (Rupees ten only) each held in the Transferor Company as on the Record Date fixed for the purpose.

34. Key salient features of the Scheme

"1. GENERAL DEFINITIONS AND INTERPRETATIONS

"Appointed Date" means April 1, 2019 or such date as may be fixed or approved by the NCLT;

"Effective Date" means the last of the dates on which all the conditions and matters referred to in Clause 21.1 have been fulfilled, obtained or waived (to the extent possible under Applicable Law), as applicable. References in this Scheme to the date of "coming into effect of this Scheme" or "Scheme becoming effective" shall be construed accordingly;

"Record Date" shall mean such date to be fixed by the respective Board of Directors of the Transferee Company and Transferor Company for the purpose of determining the members of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme;

"Undertaking" shall mean all the undertaking and entire business of the Transferor Company (including business, properties, assets, investments, goodwill and rights of whatever kind and nature, real or personal, tangible or intangible, that are owned, leased or licensed, liabilities, obligations and commitments of the Transferor Company) on a going concern basis, and with the continuity of business of the Transferor Company, which shall include (without limitation)....;

2. DATE OF COMING IN TO EFFECT

The Scheme in its present form or with any modification approved or imposed or directed by the NCLT shall come into operation from the Effective Date with effect from the Appointed Date.

4. AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY

Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferor Company shall, in accordance with Sections 230 to 232 of the Act, without any further act or deed, stand amalgamated with the Transferee Company and consequently (i) the Undertaking of the Transferor Company shall, as on the Appointed Date, stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the undertaking of the Transferee Company by virtue of and in the manner provided in the Scheme, and (ii) the Transferor Company shall stand dissolved without being wound up.

12. CONSIDERATION

12.1. Upon coming into effect of the Scheme and in consideration for the Amalgamation, the Transferee Company shall, without

any further application or deed, issue and allot its equity shares, credited as fully paid up, to all the equity shareholders holding fully paid up equity shares of the Transferor Company, whose names appear in the register of members of the Transferor Company and / or whose names appear as the beneficial owner of the shares of the Transferor Company in the records of the depository, as on the Record Date, to be fixed for the purpose of reckoning names of the equity shareholders the Transferor Company ("Transferor Company Shareholders"), in the following ratio:

"10 (Ten) fully paid up equity shares of face value Rs. 2 (Rupees two only) each of the Transferee Company, to be issued for every 47 (Forty Seven) fully paid up equity shares of face value Rs. 10 (Rupees ten only) each held by the Transferor Company Shareholders" (the "Share Exchange Ratio").

The equity shares held by the Transferee Company in the Transferor Company shall stand cancelled as an integral part of the Scheme and no equity shares of the Transferee Company shall be allotted in respect of such equity shares. The 62,400 forfeited shares of the Transferor Company shall stand extinguished and cancelled and an amount of Rs 3,12,000 shall be transferred to the head 'Capital Reserve' in the financial statement of the Transferee Company.

The equity shares of the Transferee Company issued and allotted to the Transferor Company Shareholders based on the Share Exchange Ratio provided above shall be referred to as "Amalgamation Consideration Shares".

12.2. Upon equity shares being issued by the Transferee Company to the Transferor Company Shareholders in accordance with clause 12.1 above, the shares held by the said shareholders in the Transferor Company shall be deemed to have been cancelled and extinguished and be of no effect on and from such issue and allotment.

12.3. Pursuant to issuance and allotment of the Amalgamation Consideration Shares, in case any equity shareholder of the Transferor Company becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such member but shall consolidate such fractions and issue consolidated shares to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.

15. INCREASE IN AUTHORIZED SHARE CAPITAL OF THE TRANSFEE COMPANY

15.1 As an integral part of the Scheme, and, upon the Scheme becoming effective, the authorized share capital of the Transferor Company, as on the Effective Date, shall be deemed to be added to the authorized share capital of the Transferee Company, as on the Effective Date, without any further act or deed and without any further payment of stamp duty or registration fees and Clause V of the Memorandum of Association of the Transferee Company shall be altered accordingly.

15.2. It is clarified that the approval of the members of Transferee Company to the Scheme shall be deemed to be their consent/ approval for the increase of the authorized capital, amendment of the capital clause of the Memorandum of Association of the Transferee Company under the provisions of Section 13 and 61 of the Act and other applicable provisions of the Act. Pursuant to this Scheme, the Transferee Company shall file requisite forms with the relevant Registrar of Companies to give effect to the increase in its authorized equity share capital and payment of requisite fee and duty, as may be directed.

21. CONDITIONALITY OF THE SCHEME

21.1. This Scheme is and shall be conditional upon and subject to:

21.1.1. Receipt of written approval from the Directorate of Industries, Government of Maharashtra under the eligibility certificate issued for the Mega Project under Package Scheme of Incentives 2007.

...

YOU ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME TO GET FULLY ACQUAINTED WITH THE PROVISIONS THEREOF. THE AFORESAID ARE ONLY SOME OF THE KEY PROVISIONS OF THE SCHEME. IN CASE OF ANY INCONSISTENCY OR CONFLICT BETWEEN THE SCHEME AND EXPLANATORY STATEMENT, THE CONTENTS OF THE SCHEME SHALL PREVAIL.

35. Summary of valuation report and fairness opinions

(a) **Valuation Report**

The valuation report dated December 2, 2019, was prepared by Manuj Singhal, registered valuer, and a separate valuation report dated December 2, 2019, was prepared by S R B C & CO LLP, an independent chartered accountants, setting out the recommended share exchange ratio, enclosed herewith as **Annexure 3**.

The valuers have considered the Comparable Companies' Multiples Method and the Market Price Method for determining the relative value of the shares of the Companies in order to arrive at the share exchange ratio for the Scheme.

The recommendation of the share exchange ratio has been approved by the Board of Directors of the Transferee Company, Audit Committee of the Transferee Company, Board of Directors of the Transferor Company and the Audit Committee of the Transferor Company.

(b) **Fairness Opinions**

A Fairness Opinion dated December 2, 2019 was issued to the Transferee Company by Pantomath Capital Advisors (Private) Limited, a SEBI registered merchant banker, explaining the rationale for its opinion as to the fairness of the share exchange ratio from a financial point of view, enclosed herewith as **Annexure 4**.

A Fairness Opinion dated December 2, 2019 was issued to the Transferor Company by Saffron Capital Advisors Private Limited, a SEBI registered merchant banker, explaining the rationale for its opinion as to the fairness of the share exchange ratio from a financial point of view, enclosed herewith as **Annexure 5**.

36. There shall be no debt restructuring of the Transferee Company and Transferor Company pursuant to the Scheme.

37. Pre and Post Scheme Shareholding Pattern of the Companies

Pursuant to the Scheme, the Transferee Company shall issue shares to the shareholders of the Transferor Company. The pre-Scheme and expected post-Scheme shareholding pattern of the Transferee Company and the pre-Scheme shareholding pattern of the Transferor Company (based on the shareholding pattern as of June 30, 2021) is enclosed herewith as **Annexure 6**. The Transferor Company will stand dissolved without winding up in accordance with the Scheme. Therefore, there will not be any post-Scheme shareholding pattern of the Transferor Company.

38. To the best of the knowledge of the Transferee Company, no winding up petition has been initiated against the Transferee Company or Transferor Company under the provisions of the Companies Act, 1956 or the relevant provisions of the Companies Act, 2013.

39. Disclosures relating to certain promoters of the Transferee Company

The respective observation letters issued to the Companies by BSE Limited and National Stock Exchange of India Limited require the Companies to ensure full disclosures about "Mr. Vijay Mallya and other promoter entities being wilful defaulters/Fugitive Economic Offender and about all actions taken by SEBI against the listed entities/ its directors/ promoters are made before the Hon'ble NCLT and shareholders, while seeking approval of the scheme". The Transferee Company has disclosed the following matters as part of its applications to the stock exchanges under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(a) Disclosure in relation to the status of certain members of the UB Group (as defined in Annexure) who continue to be identified as promoters of the Transferee Company for historical reasons;

(b) Disclosure in relation to an ongoing dispute between the Transferee Company and IDBI Bank, including in relation to the inclusion of the Transferee Company and its directors in the list of defaulters as part of the Reserve Bank of India's database on non-suit filed accounts. For the avoidance of doubt, neither the Transferee Company nor any of its directors have been declared as a wilful defaulter by any bank or financial institution. Following the disclosures to the stock exchanges, on January 13, 2020, the division bench of the Hon'ble High Court of Karnataka admitted the writ appeal filed by the Transferee Company against IDBI Bank and extended the interim stay; and

(c) Disclosure in relation to United Breweries (Holdings) Limited and Kingfisher Finvest India Limited, continuing to be identified as promoters of the Transferee Company, and certain proceedings against them.

Copies of the letters of the Transferee Company to the stock exchanges containing the disclosures at points (a) and (b) above are enclosed as **Annexure 7**. An extract of the disclosure submitted by the Transferee Company to the stock exchanges in relation to point (c) above is enclosed as **Annexure 8**.

40. Details of approval from regulatory authorities

(a) Pursuant to the SEBI Circular read with Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Transferee Company has filed necessary applications before the stock exchanges viz. BSE Limited and National Stock Exchange of India Limited seeking their no objection to the Scheme. The Transferee Company has received Observation Letters dated October 21, 2020 and October 22, 2020 from BSE Limited and National Stock Exchange of India Limited respectively. Copies of the Observation Letters are enclosed as **Annexures 9** and **10** respectively.

(b) Pursuant to the SEBI Circular read with Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Transferor Company has filed necessary application before the stock exchange viz. BSE Limited and National Stock Exchange of India Limited seeking their no-objection to the Scheme. The Transferor Company has received Observation Letters dated October 21, 2020 and October 22, 2020 from BSE Limited and National Stock Exchange of India Limited respectively. Copy of the Observation Letters is enclosed as **Annexures 11** and **12** respectively.

(c) As required by the SEBI Circular, the Companies have filed Reports on Complaints dated March 3, 2020 with BSE Limited and National Stock Exchange of India Limited respectively. After filing the Complaint Reports, the Transferee Company has received NIL complaints. Copies of the aforementioned Complaints Reports are enclosed as **Annexures 13** to **16**.

(d) The Companies have made a joint application before the NCLT, Bengaluru Bench respectively for the convening of meetings under Sections 230-232 and other applicable provisions of the Companies Act, 2013.

(e) A copy of the Scheme along with the explanatory statement under Section 230(3), 232(1), 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 is also being forwarded, *inter alia* to the Registrar of Companies.

(f) The copy of the Scheme has been filed with the Registrar of Companies, Karnataka by the Transferee Company. The copy of the Scheme has been filed with the Registrar of Companies, Karnataka by the Transferor Company.

(g) As stipulated in Clause 21.1.1 of the Scheme, the Scheme is conditional upon and subject to, *inter alia*, receipt of the written approval of the Directorate of Industries, Government of Maharashtra under the eligibility certificate issued for the Mega Project under Package Scheme of Incentives 2007. The Directorate of Industries, Government of Maharashtra has given its in principle approval for the Scheme under the eligibility certificate issued for the Mega Project under Package Scheme of Incentives 2007 vide its letter dated June 19, 2020.

- (h) A copy of the Unaudited Financial Results of the Transferee Company for the period ended June 30, 2021 is enclosed as **Annexure 17** herewith.
- (i) A copy of the Unaudited Financial Results of the Transferor Company for the period ended June 30, 2021 is enclosed as **Annexure 18** herewith.
- (j) Upon the Scheme being approved by requisite majority of the shareholders and creditors of the respective Companies involved in the Scheme as per the requirement of Section 230 of the Companies Act, 2013, the Companies will file a petition with the Bengaluru Bench of the NCLT for sanction of the Scheme.
41. Copies of the Reports adopted by the respective Board of Directors of the Transferee Company and the Transferor Company pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013 are enclosed as **Annexures 19 and 20** respectively.
42. Details of availability of documents for inspection
- The following documents will be open for obtaining extract from or for making or obtaining copies of or inspection by the unsecured creditors of Transferee Company up to the date of the meeting at its registered office between 11.00 a.m. and 12.00 p.m. (IST) on all working days, except Saturdays, Sundays and public holidays. Unsecured creditors desiring inspection of these documents through electronic mode may send their request in writing to the Transferee Company at investor.india@diageo.com and the Transferee Company shall provide inspection through electronic mode to such unsecured creditors:
- (i) Copy of the Scheme of Amalgamation and Arrangement;
 - (ii) Copies of the orders passed by the NCLT, Bengaluru Bench in Company Application (CAA) No. 9 / BB / 2021 dated February 8, 2021 and dated August 13, 2021 in C.A. No. 58 of 2021 in Company Application (CAA) No. 9 / BB / 2021;
 - (iii) Copy of the Memorandum and Articles of Association of the Transferor Company and the Transferee Company;
 - (iv) Copy of the audited financial statements of the Transferor Company for the financial year ended March 31, 2021;
 - (v) Copy of the audited financial statements of the Transferee Company (including consolidated financial statements) for the financial year ended March 31, 2021;
 - (vi) Copy of the Unaudited Financial Results of the Transferor Company, for the period ended June 30, 2021;
 - (vii) Copy of the Unaudited Financial Results of the Transferee Company, for the period ended June 30, 2021;
 - (viii) Copy of the Valuation Report issued by Manuj Singhal, registered valuer dated December 2, 2019;
 - (ix) Copy of the Valuation Report issued by S R B C & CO LLP, independent chartered accountants, dated December 2, 2019;
 - (x) Copy of the Fairness Opinion issued to United Spirits Limited by Pantomath Capital Advisors (Private) Limited, a SEBI registered merchant banker, dated December 2, 2019;
 - (xi) Copy of the Fairness Opinion issued to Pioneer Distilleries Limited by Saffron Capital Advisors Private Limited, a SEBI registered merchant banker dated December 2, 2019;
 - (xii) Copy of the Report of the Audit Committee Report of the Transferee Company dated December 2, 2019;
 - (xiii) Copies of the resolutions dated December 2, 2019 passed by the respective Board of Directors of the Transferor Company and the Transferee Company, approving the Scheme;
 - (xiv) Copies of the resolutions dated February 28, 2020 passed by the respective Special Committees of the Companies, approving revisions to certain clauses of the Scheme based on the comments received from the stock exchanges;
 - (xv) Copy of the letter issued by the Directorate of Industries, Government of Maharashtra dated June 19, 2020 issued to the Transferor Company;
 - (xvi) Copies of the statutory auditors' certificates dated December 2, 2019 issued by Price Waterhouse & Co Chartered Accountants LLP, Chartered Accountants, to the Transferor Company and Transferee Company, respectively;
 - (xvii) Copies of Observation Letters issued to the Transferor Company by BSE Limited on October 21, 2020 and by National Stock Exchange of India Limited on October 22, 2020;
 - (xviii) Copies of Observation Letters issued to the Transferee Company by BSE Limited on October 21, 2020 and by National Stock Exchange of India Limited on October 22, 2020;
 - (xix) Copies of the Reports adopted by the Board of Directors of the Transferor Company and the Transferee Company, respectively pursuant to provision of Section 232(2)(c) of the Companies Act, 2013;
 - (xx) Copies of Form No. GNL-1 filed by the respective Companies with the Registrar of Companies, Karnataka along with challans, evidencing filing of the Scheme; and
 - (xxi) Such other information or documents as the Board of Directors or management of the Transferee Company believes necessary and relevant for making decision for or against the Scheme.
- This explanatory statement is made under Section 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. A copy of the Scheme and explanatory statement may be obtained from the registered office of United Spirits Limited / downloaded from the website of United Spirits Limited (www.diageoindia.com) under the 'Investor' segment.

Girish Kumar
Chairman appointed for the Meeting

Registered Office:
UB Tower, #24,
Vittal Mallya Road
Bengaluru – 560001
CIN: L01551KA1999PLC024991

Place: Bengaluru

SCHEME OF AMALGAMATION AND ARRANGEMENT

UNDER SECTIONS 230 to 232 OF THE COMPANIES ACT, 2013

AMONGST

PIONEER DISTILLERIES LIMITED
(Transferor Company)

AND

UNITED SPIRITS LIMITED
(Transferee Company)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

CHAPTER 1

GENERAL

(A) Background of Companies and Rationale

- (i) This scheme of amalgamation and arrangement amongst Pioneer Distilleries Limited (“**Transferor Company**”) and United Spirits Limited (“**Transferee Company**”) provides for (a) the amalgamation of the Transferor Company with the Transferee Company (“**Amalgamation**”), pursuant to the relevant provisions of the Act (defined below), as may be applicable; and (b) various other matters consequential or integrally connected therewith, in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961, including Section 2(1B) thereof.
- (ii) The Transferor Company, a public limited company incorporated on November 25, 1992 under the Companies Act, 1956, with corporate identification number L24116KA1992PLC125992, has its registered office situated at UB Tower, Level-10, # 24, Vittal Mallya Road, Bangalore - 560 001. The equity shares of the Transferor Company are listed on the BSE Limited and National Stock Exchange of India Limited (“**Stock Exchanges**”). The Transferor Company is *inter alia* engaged in the Business (as defined below).
- (iii) The Transferee Company, a public limited company incorporated on March 31, 1999 under the Companies Act, 1956 with corporate identification number L01551KA1999PLC024991, has its registered office situated at UB Tower, # 24, Vittal Mallya Road, Bangalore - 560 001. The equity shares of the Transferee Company are listed on the Stock Exchanges. The Transferee Company is engaged in the business of distilling, rectifying and blending of spirits, and production of ethyl alcohol from fermented material.
- (iv) The Transferee Company and the Transferor Company are desirous of amalgamating the Transferor Company as a going concern with the Transferee Company in accordance with Sections 230 to 232 and/or other applicable provisions of the Act.
- (v) The Amalgamation of the Transferor Company with the Transferee Company is sought to be undertaken to achieve the following:
 - (a) simplification of the corporate structure and consolidation of the group’s business;
 - (b) 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;
 - (c) overcoming limitations on raising capital for the Transferor Company, ensuring improved allocation of capital and optimum cash flows contributing to better utilisation of capacity and the overall growth of the combined entity;
 - (d) creation of a larger asset base and facilitation of access to better financial

resources;

- (e) savings on compliance / interest costs;
- (f) uninterrupted operations of the Transferor Company's plant in order to stabilize its business;
- (g) integration of the Transferor Company's operations with the Transferee Company resulting in benefits arising out of the synergies, especially since the Transferee Company is in the same line of business as the Transferor Company; and
- (h) enhanced shareholder value pursuant to economies of scale and business efficiencies.

The Transferor Company has been incurring losses in the recent past and its entire net worth has eroded. The Transferee Company, holding 75% of the equity capital of the Transferor Company, has to account to the extent of 75% of the losses of the Transferor Company while consolidating its accounts. Continuity of the Transferor Company, without the active support of the Transferee Company, would be very difficult. Amalgamation of the Transferor Company with the Transferee Company would be beneficial to both the Companies, including with respect to ease of getting uninterrupted financial and technical support and the Transferee Company getting the full benefit of the Transferor Company's manufacturing facilities.

- (vi) The Scheme is expected to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.
- (vii) The Amalgamation shall comply with the provisions of Section 2(1B) of the Income Tax Act, 1961.

(B) Chapters in the Scheme

The Scheme is divided into 3 chapters, the details of which are as follows:

1. **Chapter 1:** Chapter 1 of this Scheme sets forth the background of the Companies, overview and objects of the Scheme and definitions and interpretation which are common and applicable to all chapters of the Scheme.
2. **Chapter 2:** Chapter 2 deals with the Amalgamation and transfer and vesting of all assets and liabilities of the Transferor Company to/in the Transferee Company.
3. **Chapter 3:** Chapter 3 provides for general terms and conditions applicable to this Scheme.
4. Chapters 2 is further sub-divided into the following parts:
 - (a) *Part 1* provides for the current capital structure of the Transferor Company and the Transferee Company;
 - (b) *Part 2* deals with the Amalgamation of the Transferor Company with the

Transferee Company, in accordance with Sections 230 to 232 and/or other applicable provisions of the Act; and

(c) *Part 3* deals with consideration and accounting treatment.

1. GENERAL DEFINITIONS AND INTERPRETATIONS

In this Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the meanings given below:

“Act” means the Companies Act, 2013 and ordinances, rules and regulations made thereunder and shall include any statutory modifications, re-enactments or amendments thereof;

“Amalgamation Consideration Shares” has the meaning ascribed to it Clause 12.1 of the Scheme;

“Applicable Law” means any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval, directive, guideline, requirement or any similar form of determination by or decision of any Governmental Authority, that is binding or applicable to a Person, whether in effect as of the date on which this Scheme has been approved by the Board of Directors of the Companies or at any time thereafter;

“Appointed Date” means April 1, 2019 or such date as may be fixed or approved by the NCLT;

“Board of Directors” shall mean the board of directors or any committee thereof, of the Transferor Company or the Transferee Company, as the context may require;

“Business” means the business of manufacture and sale of extra neutral alcohol, malt spirits, Indian Made Foreign Liquor (IMFL) and other allied products, including bottling operations;

“Companies” shall collectively mean the Transferor Company and the Transferee Company;

“Contracts” with respect to a Person, means any agreement, contract, undertaking, or legally binding commitment entered into by such Person;

“Effective Date” means the last of the dates on which all the conditions and matters referred to in Clause 21.1 have been fulfilled, obtained or waived (to the extent possible under Applicable Law), as applicable. References in this Scheme to the date of “coming into effect of this Scheme” or “Scheme becoming effective” shall be construed accordingly;

“Encumbrance” means any options, pledge, mortgage, lien, security interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint, or any other encumbrance of any kind or nature whatsoever, including any right granted by a transaction which, in legal terms, is not only the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law;

“Goodwill” means and includes the goodwill of Transferor Company, together with the exclusive right for the Transferee Company and its assignees to represent themselves as carrying on the Business in succession to the Transferor Company and includes the Business related claims, information, records, relationships with customers, product registrations/approvals, skilled employees, trademark, technical know-how and other Intangible Assets, as defined below;

“Governmental Authority” means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial, quasi-judicial or arbitral body in India or outside India and includes SEBI and the Stock Exchanges;

“Intangible Assets” means and includes all intellectual property and industrial property rights and rights in confidential information of every kind and description throughout the world, in each case whether registered or unregistered, and including but not limited to (i) rights in computer programs (whether in source code, object code, or other form), algorithms, databases, compilations and data, technology supporting the foregoing, and all documentation, including user manuals and training materials, related to any of the foregoing; (ii) copyrights and copyrightable subject matter; (iii) trademarks, service marks, names, corporate names, trade names, domain names, logos, slogans, trade dress, registered designs, design rights and other similar designations of source or origin; (iv) all know-how, patents, confidential information, trade secrets, ideas, proprietary processes, formulae, models and methodologies; (v) rights of publicity, privacy, and rights to personal information; (vi) moral rights and rights of attribution and integrity; or (vii) any rights or forms of protection of a similar nature or having equivalent or similar effect to any of the foregoing which subsist anywhere in the world;

“NCLT” means the National Company Law Tribunal at Bengaluru, or such other forum or authority as may be vested with the powers of the High Court under Sections 230 to 232 of the Act, as may be applicable;

“Person” means any individual, partnership, joint venture, firm, corporation, company, association, trust or other enterprise (whether incorporated or not) or government (central, state or otherwise), sovereign, or any agency, department, authority or political sub-division thereof, international organization, agency or authority (in each case, whether or not having separate legal personality) and shall include their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs;

“Public” shall have meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulation) Rules, 1957 and the term “Public Shareholders” shall be construed accordingly;

“Record Date” shall mean such date to be fixed by the respective Board of Directors of the Transferee Company and Transferor Company for the purpose of determining the members of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme;

“Sanction Order” means the order of the NCLT sanctioning the Scheme;

“Scheme” means this scheme of amalgamation and arrangement with such modification(s), if any made, in accordance with the terms hereof or the directions / observations of the Stock Exchanges or any other Governmental Authority including SEBI or the NCLT, and approved by the NCLT;

“SEBI” means the Securities Exchange Board of India;

“SEBI Circular” means the circular number CFD/DIL3/CIR/2017/21 dated 10 March 2017 issued by SEBI along with the amendments thereto;

“SEBI Listing Regulations” means the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 along with the amendments thereto;

“Taxes” or “Tax” or “Taxation” means all forms of taxation with reference to profits, gains, net wealth, asset values, turnover, gross receipts, duties (including stamp duties), levies, imposts, including without limitation corporate income-tax, wage withholding tax, fringe benefit tax, value added tax, customs, service tax, excise duties, goods and services tax, fees or levies and other legal transaction taxes, dividend/withholding tax, real estate taxes, other municipal taxes and duties, environmental taxes and duties, any other similar assessments or other type of taxes or duties in any relevant jurisdiction, together with any interest, penalties, surcharges or fines relating thereto, assessments, or addition to Tax, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction or country;

“Transferor Company Shareholders” has the meaning ascribed to it Clause 12.1 of the Scheme; and

“Undertaking” shall mean all the undertaking and entire business of the Transferor Company (including business, properties, assets, investments, goodwill and rights of whatever kind and nature, real or personal, tangible or intangible, that are owned, leased or licensed, liabilities, obligations and commitments of the Transferor Company) on a going concern basis, and with the continuity of business of the Transferor Company, which shall include (without limitation):

- (a) all assets wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, leaseholds and other interests of whatsoever nature, wheresoever situated including all lands, buildings, offices, marketing offices, liaison offices, furniture, fixtures, office equipment, appliances, accessories, inventories together with all present and future liabilities (including contingent liabilities) and all cash and bank balances appertaining or relating to the Transferor Company;
- (b) all current assets, including sundry debtors, receivables, loans and advances, actionable claims, bills and credit notes of the Transferor Company;
- (c) all permits, rights, entitlements, registrations and other licences, approvals, permissions, consents from various authorities, including municipal (whether granted or pending), trademarks, patents, copyrights, software programs and data (whether proprietary or otherwise), all other intellectual property, goodwill, receivables, benefit of any deposits, assets, properties or other interests, financial assets including investments of all kinds, funds belonging to or utilised for the

Transferor Company, bank accounts, privileges, all other rights and benefits including any tax exemptions, deferrals and other benefits or privileges including any unabsorbed tax depreciation, tax losses, deferred tax assets and refund claims made by the Transferee Company before the tax authorities, any tax (direct or indirect) including advance tax paid or any tax deducted in respect of any income received, exemptions, tax credits, minimum alternate tax credits as per Section 115JAA of the Income Tax Act, 1961, any credit in respect of indirect taxes including Goods and Services Tax (GST) credits, Eligibility Certificate for Mega Project under the Package Scheme of Incentives, 2007 issued by the Government of Maharashtra, tenancies in relation to office and / or residential properties for the employees, memberships, lease rights, powers and facilities of every kind, nature, and description whatsoever, rights to use and avail of telephones, internet, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements, letters of intent, memoranda of understanding, expressions of interest whether under agreements or otherwise and all other interests in connection with or relating to the Transferor Company;

- (d) all staff and employees and other obligations of whatsoever kind, including liabilities of the Transferor Company with regard to its employees, with respect to the payment of gratuity, superannuation, pension benefits and provident fund or other compensation or benefits, if any, whether in the event of resignation, death, retirement, retrenchment or otherwise;
- (e) all trade secrets, confidential information, inventions, know-how, formulae, processes, procedures, research records, records of inventions, test information, market surveys and marketing know-how of the Transferor Company;
- (f) all patents (including all reissues, divisions, continuations and extensions thereof), patent applications, patent rights, trademarks, trademark registrations, trademark applications, service marks, trade names, business names, copyrights, copyright registrations, designs, design registrations, and all rights to any of the foregoing, of the Transferor Company;
- (g) all contracts, leases, subleases, licenses, indentures, agreements, commitments and all other legally binding arrangements, whether oral or written, to which the Transferor Company is a party or by which the Transferor Company is bound;
- (h) all raw material, work-in-progress, finished goods, supplies, parts, spare parts and other inventories of the Transferor Company (including in transit, on consignment or in the possession of any third party);
- (i) all partnership interests or any other equity interest in any corporation, company, limited liability company, partnership, joint venture, trust or other business association;
- (j) all rights in and to products sold or leased;
- (k) all credits, prepaid expenses, deferred charges, advance payments, security deposits and prepaid items that are paid / held;

- (l) all necessary records, files, papers, computer programmes, engineering and process information, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers, customer credit information, customer pricing information, and other records, whether in physical or electronic form in connection with or relating to the Transferor Company;
- (m) all books of accounts, ledgers, general, financial, accounting and personnel records, files, invoices, customers' and suppliers' lists, other distribution lists, billing records, sales and promotional literature, manuals, customer and supplier correspondence (in all cases, in any form or medium), of the Transferor Company;
- (n) all rights, claims, credits, advances, loans, fixed deposits, provisions and commitments, including any such items arising under insurance policies and all guarantees, warranties, indemnities and similar rights in favour of the Transferor Company in respect of any other asset or any liability appertaining or relating to the Transferor Company;
- (o) all liabilities, obligations, duties, undertakings, debt and commitments of the Transferor Company;
- (p) all accounts payable of the Transferor Company; and
- (q) any other assets and liabilities.

It is intended that the definition of Undertaking set out above would enable the transfer of all properties, assets, liabilities, employees, etc. of the Transferor Company to the Transferee Company pursuant to this Scheme.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996, other Applicable Laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. DATE OF COMING IN TO EFFECT

The Scheme in its present form or with any modification approved or imposed or directed by the NCLT shall come into operation from the Effective Date with effect from the Appointed Date.

CHAPTER 2

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFeree COMPANY

Part 1

3. SHARE CAPITAL

The authorized, issued, subscribed and paid up share capital of the Transferee Company as on 31 March 2019 is below:

Particulars	Rupees
Authorized Capital	
2,740,000,000 Equity Shares of Rs. 2/- each	5,480,000,000
171,200,000 Preference Shares of Rs.10/- each	1,712,000,000
Total	7,192,000,000
Issued, Subscribed and Paid-up	
726,638,715 Equity Shares of Rs. 2/- each	1,453,277,430
Total	1,453,277,430

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid up share capital of the Transferee Company till the date of approval of the Scheme by the Board of the Transferee Company.

The equity shares of the Transferee Company are listed on the Stock Exchanges.

The authorized, issued, subscribed and paid up share capital of the Transferor Company as on 31 March 2019 is as under:

Particulars	Rupees
Authorized Capital	
17,500,000 Equity Shares of Rs. 10 /- each	175,000,000
2,500,000 Preference Shares of Rs.10/- each	25,000,000
Total	200,000,000
Issued, Subscribed and Paid-up	
13,388,200 Equity Shares of Rs. 10/- each	133,882,000
Forfeited shares	
62,400 Equity Shares (Rs. 5/- each, paid up)	312,000
Total	134,194,000

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid up share capital of the Transferor Company till the date of approval of the Scheme by the Board of the Transferor Company.

The equity shares of the Transferor Company are listed on the Stock Exchanges.

Part 2

4. AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFeree COMPANY

Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferor Company shall, in accordance with Sections 230 to 232 of the Act, without any further act or deed, stand amalgamated with the Transferee Company and consequently (i) the Undertaking of the Transferor Company shall, as on the Appointed Date, stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the undertaking of the Transferee Company by virtue of and in the manner provided in the Scheme, and (ii) the Transferor Company shall stand dissolved without being wound up.

4.1. TRANSFER OF ASSETS

4.1.1. Upon the Scheme becoming effective, as on the Appointed Date, the whole of the assets of Transferor Company, wherever situated and of whatsoever nature whether capable of passing by manual delivery and/or endorsement or otherwise however shall, under the provisions of Sections 230 to 232, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company as a going concern so as to vest in, become and form part of the Transferee Company along with all the rights, claims, title and interest of the Transferee Company therein.

4.1.2. Without prejudice to the generality of Clause 4.1.1 above, upon the Scheme becoming effective, as on the Appointed Date:

(a) All the estate, assets, properties, rights, claims, title, interest and authorities including accretions and appurtenances of the Undertaking, of whatsoever nature and wherever situate, whether or not included in the books of the Transferor Company shall, without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company, as a going concern, so as to become as and from the Appointed Date, the estate, assets, properties, rights, claims, title, interest and authorities of the Transferee Company.

(b) All movable assets including cash, if any, of Transferor Company which are capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed as the case may be to the Transferee Company and shall become the property of the Transferee Company, to the end and intent that the ownership and property therein passes to the Transferee Company in pursuance of the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same.

(c) Movable assets of the Transferor Company other than those specified in Clause 4.1.2(b) above and any intangible assets, including sundry debtors, loans, receivables, bills, credits, advances, if any, recoverable in cash or kind or for value to be received, bank accounts including bank balances, investments, cash equivalents, financial assets, insurance policies, provisions, funds, equipment, and any related capitalized items and other tangible property of every kind, nature and

description, share of any joint assets, benefits of any bank guarantee, performance guarantee and any letter of credit, earnest money, advances and deposits, if any, with government, semi-government, local and other authorities and bodies, companies, firm, individuals, trusts, etc., the same shall, on and from the Appointed Date, stand transferred to the Transferee Company to the end and intent that the right of the Transferor Company to receive the benefit of such investments, cash equivalents, financial assets, insurance policies, provisions, funds, equipment, capitalized items and tangible property, share of any joint assets, bank guarantee, performance guarantee and any letter of credit, earnest money, advances or deposits or recover or realize all such debts (including the debts payable by such Persons or depositors to the Transferor Company) stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors or other Persons (although the Transferee Company may itself without being obliged and if it so deems appropriate at its sole discretion, at any time after coming into effect of this Scheme in accordance with the provisions hereof, or if so required under any law, give notices in such form as it may deem fit and proper, to each Person, debtors or depositors, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, the said asset stands transferred and vested in the Transferee Company and be paid or made good or held on account of the Transferee Company as the Person entitled thereto).

- (d) All lease and license agreements entered into by the Transferor Company with various landlords, owners and lessors in connection with use of the assets of the Undertaking of the Transferor Company, together with the security deposits, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Transferor Company;
- (e) All immovable properties of the Transferor Company, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company, whether freehold or leasehold or licensed or otherwise, any tenancies in relation to warehouses, all rights, covenants, continuing rights, title and interest in connection with the said immovable properties and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company or the Transferee Company, and it shall not be necessary to obtain the consent of any third party or other Person in order to give effect to the provisions of this clause. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation of the ownership or title, or interest in the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate Governmental Authority pursuant to the sanction of this Scheme by the NCLT in accordance with the terms hereof. Upon this Scheme becoming effective, until the

owned property, leasehold property and related rights thereto, license or right to use the immovable property, tenancy rights, liberties and special status are transferred, vested, recorded, effected and / or perfected in the record of the appropriate authorities in favour of the Transferee Company, the Transferee Company shall be deemed to be authorised to carry on business in the name and style of the Transferor Company under the relevant agreement, deed, lease and / or license, as the case may be, and the Transferee Company shall keep a record and account of such transactions. For purposes of taking on record the name of the Transferee Company in the records of the Governmental Authorities in respect of transfer of immovable properties to the Transferee Company pursuant to this Scheme, the Board of Directors of the Companies may approve the execution of such documents or deeds as may be necessary, including deeds of assignment of lease or leave or license (as the case may be) by the Transferor Company in favour of the Transferee Company.

- (f) All the licenses, permissions, approvals, sanctions, consents, permits, entitlements, quotas, registrations, bids, tenders, letters of intent, expressions of intent, memoranda of understanding or similar instruments, incentives, exemptions and benefits, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether on, before or after the Appointed Date, shall, without any further act, instrument or deed, cost or charge be and stand transferred to and vested in and/or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become licenses, permissions, approvals, sanctions, consents, permits, entitlements, quotas, registrations, incentives, exemptions and benefits, grants, rights, claims, liberties, special status and other benefits or privileges of the Transferor Company and shall remain valid, effective and may be enforced as fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant Governmental Authorities in favour of the Transferee Company. For the avoidance of doubt and without prejudice to the generality of the foregoing, all consents, no-objection certificates, certificates, clearances, authorities (including operation of bank accounts), powers of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company.
- (g) All cheques and other negotiable instruments, payment orders, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be deemed to be in the name of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company or received through electronic transfers and the bankers of the Transferee Company shall accept the same. Similarly, the banker of the Transferee Company shall honour all cheques/electronic fund transfer instructions issued by the Transferor Company for payment after the Effective Date. If required, the bankers of the Transferor Company and/or the Transferee Company shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques,

pay order and electronic transfers that have been issued/made in the name of the Transferor Company, subject to such accounts being operated by the Transferee Company.

- (h) All Intangible Assets including but not limited to rights in intellectual property (whether owned, licensed or otherwise, whether registered or unregistered) used in relation to the Transferor Company, including with respect to the Business, including the logo and trademark of the Transferor Company, and all other trade names, service names, trademarks, trade dress, logos, brands, corporate names, brand names, domain names, mask works, copyrights, designs, know-how and trade secrets, software and all website content (including text, graphics, images, audio, video and data), confidential business information and other proprietary information, patents, along with all rights of commercial nature including attached Goodwill, title, interest, labels and brand registrations and all such other industrial or intellectual rights of whatsoever nature and advantages of whatever nature in connection with the above including any Goodwill relating to such intellectual property, whether or not provided in the books of accounts of the Transferor Company, shall under the provisions of Sections 230 to 232 of the Act, as applicable, and all other provisions of Applicable Law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a going concern, so as to become, as and from the Appointed Date, the Intangible Asset of the Transferee Company.
- (i) All books, records, files, papers, engineering and process information, software, licenses for software, algorithms, programs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form of the Transferor Company, including in connection with or relating to the Business, shall, under the provisions of Sections 230 to 232 of the Act, as applicable, and all other provisions of Applicable Law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a going concern, with effect from the Appointed Date.
- (j) All benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise, shall under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a going concern, and the said corporate approvals and compliances shall be deemed to have originally been taken/complied with by the Transferee Company.
- (k) All electricity, gas, water and any other utility connections and tariff rates in respect thereof sanctioned by various public sector and private companies, boards, agencies and authorities to the Transferor Company, together with security deposits and all other advances paid, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The relevant

electricity, gas, water and any other utility companies, boards, agencies and authorities shall issue invoices in the name of the Transferee Company with effect from the billing cycle commencing from the month immediately succeeding the month in which the Effective Date falls. The Transferee Company shall comply with the terms, conditions and covenants associated with the grant of such connections and shall also be entitled to refund of security deposits placed with such utility companies, boards, agencies and authorities by the Transferor Company.

- (l) All *inter se* contracts solely between the Transferor Company and the Transferee Company shall stand cancelled and cease to operate, and appropriate effect shall be given to such cancellation and cessation in the books of accounts and records of the Transferee Company. With effect from the Appointed Date, there will be no accrual of income or expense on account of any transactions, including any transactions in the nature of sale or transfer of any goods, materials or services, between the Transferor Company and the Transferee Company. For avoidance of doubt, it is hereby clarified that with effect from the Appointed Date, there will be no accrual of interest or charges in respect of any *inter se* loans, deposits or balances between the Transferor Company and the Transferee Company.
- (m) The borrowing and investment limits of the Transferee Company under the Act shall be deemed without further act or deed to have been enhanced by the borrowing and investment limits of the Transferor Company, such limits being incremental to the existing limits of the Transferee Company. Any corporate approvals obtained by the Transferor Company, whether for purposes of compliance or otherwise, shall stand transferred to the Transferee Company and such corporate approvals and compliance shall be deemed to have been obtained and complied with by the Transferee Company.
- (n) The secured creditors of the Transferor Company and / or other holders of security over the properties of the Transferor Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferor Company, as existing immediately prior to the amalgamation of the Transferor Company with the Transferee Company and the secured creditors of the Transferee Company and / or other holders of security over the properties of the Transferee Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferee Company, as existing immediately prior to the amalgamation of the Transferor Company with the Transferee Company. It is hereby clarified that pursuant to the amalgamation of the Transferor Company with the Transferee Company: (a) the secured creditors of the Transferor Company and / or holders of security over the properties of the Transferor Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferee Company and therefore, such assets which are not currently Encumbered shall remain free and available for creation of any security thereon in the future in relation to any current or future indebtedness of the Transferee Company; and (b) the secured creditors of the Transferee Company and / or holders of any security over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferor Company and therefore such assets which are not currently Encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company.

- 4.1.3. Any tax exemptions, deferrals and other benefits or privileges including (but not limited to) advance tax paid or any tax deducted in respect of any income received, exemptions, tax credits, minimum alternate tax credits as per Section 115JAA of the Income Tax Act, 1961, any credit in respect of indirect taxes including Goods and Services Tax (GST) credits, Eligibility Certificate for Mega Project under the Package Scheme of Incentives, 2007 issued by the Government of Maharashtra, advance taxes, credits in respect of taxes deducted at source, unabsorbed tax depreciation, tax losses, deferred tax assets and refund claims made by the Transferee Company before the tax authorities shall, upon the coming into effect of this Scheme, also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Transferee Company upon the coming into effect of this Scheme.
- 4.1.4. Any assets, acquired by the Transferor Company after the Appointed Date but prior to the Effective Date shall upon the coming into effect of this Scheme also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Transferee Company upon the coming into effect of this Scheme.
- 4.1.5. Without prejudice to the provisions of the foregoing Clauses, upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall execute all necessary instruments or documents or do all the acts and deeds as may be required, including making the necessary filings with the relevant Governmental Authority or any other third party, to give formal effect to the above provisions, if required.

5. TRANSFER OF LIABILITIES

- 5.1. Upon the Scheme becoming effective, all the liabilities of the Transferor Company, as on the Appointed Date, including all secured and unsecured debts (whether in Indian Rupee (INR) or foreign currency), sundry creditors, contingent liabilities, duties, obligations and undertakings of the Transferor Company, of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilised for its business activities and operations, shall also, under the provisions of Sections 230 to 232 of the Act without any further act or deed be transferred or deemed to be transferred to the Transferee Company so as to become as and from the Appointed Date the debts, liabilities, duties, losses, obligations of the Transferee Company and further that all the liabilities incurred/contracted by the Transferor Company during the period commencing from the Appointed Date till the Effective Date shall be deemed to have been incurred/contracted by the Transferee Company and shall be deemed to be the liabilities and obligations of the Transferee Company and further that it shall not be necessary to obtain consent of any Person in order to give effect to the provisions of this Clause.
- 5.2. Where any of the loans, debts, liabilities, duties and obligations of the Transferor Company which are deemed to be transferred to the Transferee Company under this Scheme have been discharged by the Transferor Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

- 5.3. Without prejudice to Clause 5.1, upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred by the Transferor Company for the operations of the Business with effect from the Appointed Date and prior to the Effective Date shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the loans, debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the liabilities and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this clause.
- 5.4. The Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to Transferor Company which shall vest in the Transferee Company by virtue of the Scheme, including for the avoidance of doubt and notwithstanding anything contained herein, that no Encumbrances shall be extended to any of the assets of the Transferee Company.
- 5.5. It is expressly provided that, no term or condition of the liabilities that are being transferred to the Transferee Company as part of the Scheme and terms on which the liabilities are transferred to the Transferee Company as part of the Scheme, shall be modified by virtue of this Scheme.
- 5.6. Upon the Scheme becoming effective, with effect from the Appointed Date, all inter-se liabilities and other receivables and payables including any loans thereof, between Transferee Company and Transferor Company, if any, due or outstanding or which may at any time immediately prior to the Appointed Date become due or remain outstanding, shall stand cancelled and be deemed to have been discharged by such cancellation and consequently, there shall remain no inter-se liability between them as of the Appointed Date and corresponding effect shall be given in the books of account and records of Transferee Company.
- 5.7. Without prejudice to the provisions of the foregoing Clauses, upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall execute all instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modifications of charge with the Registrar of Companies, to give formal effect to the above provisions, if required.
- 5.8. The provisions of this Clause 5 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing to which the relevant liability relates or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified by the foregoing provisions.

6. TAXES AND TAXATION

- 6.1. Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its financial statements and income-tax/ indirect tax returns (where required) along with prescribed forms, filings and annexures under the Income Tax Act, 1961,

central sales tax, applicable state value added tax, service tax laws, excise duty laws and other Tax laws, and to claim refunds and/or credit for Taxes paid (including, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

- 6.2. Upon the Scheme becoming effective, all Taxes payable by, or refundable to, the Transferor Company, including any refund, claims or credits (including credits for income tax, withholding tax, advance tax, self-assessment tax, minimum alternate tax credit, central value added tax credit, goods and services tax credits, other indirect tax credits and other tax receivables) shall be treated as the tax liability, refunds, claims or credits, as the case may be, of the Transferee Company, and any tax incentives, benefits (including claims for unabsorbed tax losses and unabsorbed tax depreciation), advantages, privileges, exemptions, credits, tax holidays, remissions or reductions, which would have been available to the Transferor Company, shall be available to the Transferee Company, and following the Effective Date, the Transferee Company shall be entitled to initiate, raise, add or modify any claims in relation to such taxes on behalf of the Transferor Company.
- 6.3. All Taxes payable by the Transferor Company from the Appointed Date onwards for the operations of the Transferor Company, including the Business, shall be to the account of the Transferee Company; similarly all Tax credits pertaining to the Transferor Company, shall be made or deemed to have been made and duly complied with by the Transferee Company if so made by Transferor Company. If, during the period between the Appointed Date and the Effective Date, any Tax returns or any other filings, representations or other submissions pertaining to the Transferor Company are required to be filed or made by the Transferor Company with or to the Tax authorities, the Transferor Company shall do the same in consultation with the Transferee Company and not without the prior written consent of the Transferee Company.
- 6.4. The provisions of this Scheme, as they relate to amalgamation of the Transferor Company into the Transferee Company, have been drawn up to comply with the conditions relating to “amalgamation” as defined under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

7. EMPLOYEES

- 7.1. On the Scheme becoming effective, all staff and employees of the Transferor Company who are employed with the Transferor Company on the Effective Date (“**Transferred Employees**”), shall be deemed to have become the staff and employees of the Transferee Company with effect from the Effective Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them as employees of the Transferor Company on the Effective Date.

- 7.2. The services of the Transferred Employees with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the Transferred Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company.
- 7.3. It is expressly provided that, on the Scheme becoming effective, the contributions made by the Transferor Company in respect of the Transferred Employees under Applicable Law to the provident fund, gratuity fund, contribution towards employees state insurance, superannuation fund, retirement fund or any other special fund or trusts created or existing for the benefit of the Transferred Employees (collectively referred to as the “**Funds**”) shall be deemed to be contributions made by the Transferee Company, and the Funds shall be transferred to similar Funds created by the Transferee Company and shall be held for their benefit pursuant to this Scheme or, at the Transferee Company’s sole discretion, maintained as separate Funds by the Transferee Company. Upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by the Transferor Company, in accordance with Applicable Law. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous and not interrupted for the purpose of the said Fund or Funds.
- 7.4. In relation to any other fund created or existing for the benefit of the Transferred Employees, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Transferred Employees.
- 7.5. The Transferee Company shall comply with any agreement(s) / settlement(s) entered into with labour unions (if any) or employees by the Transferor Company. The Transferee Company agrees that for the purposes of the payment of any retrenchment compensation, gratuity and other termination benefits, the past services of employees with the Transferor Company, if any, shall also be taken into account, and further agrees to pay such benefits when they become due.

8. LEGAL PROCEEDINGS

All legal proceedings, including, quasi-judicial, arbitral and other administrative proceedings, of whatsoever nature by or against the Transferor Company pending and/or arising before the Effective Date, including those arising under the Income Tax Act, 1961 and any other indirect tax laws, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Transferee Company, as the case may be, in a manner and to a similar extent as would or might have been continued and enforced by or against the Transferor Company. The Transferee Company undertakes to have all legal or other proceedings specified in this clause, initiated by or against the Transferor Company, transferred to its name and to

have such proceedings continued, prosecuted and enforced by or against the Transferee Company, as the case may be. Following the Effective Date, the Transferee Company may initiate any legal proceedings for and on behalf of the Transferor Company.

9. CONTRACTS, DEEDS, ETC.

- 9.1. Upon the coming into effect of the Scheme and with effect from the Appointed Date, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately prior to the Effective Date, shall continue in full force and effect against or in favour of the Transferee Company, and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto from inception.
- 9.2. Without prejudice to Clause 9.1, upon the Scheme becoming effective, with effect from the Appointed Date, all Contracts and arrangements in any form relating to the Business, including Contracts pertaining to, customers, vendors, benefits of all Contracts, whether registered or not registered, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder.
- 9.3. The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if it considers necessary, enter into, or issue or execute deeds, writings, tripartite arrangements, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company. The Transferor Company shall execute such writings as may be reasonably required by the Transferee Company in this regard.
- 9.4. For the avoidance of doubt, it is clarified that upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Transferor Company in any leasehold/licensed properties or otherwise of the Transferor Company, including but not limited to security deposits and advance or prepaid lease or license fee, shall, on the same terms and conditions, pursuant to Section 232(4) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company automatically without requirement of any further act or deed. The Transferee Company shall continue to pay rent or lease or license fee as provided for under such agreements, and the Transferee Company and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants thereunder.
- 9.5. All other agreements entered into by the Transferor Company in connection with the

assets of the Undertaking of the Transferor Company shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed.

10. CONDUCT OF BUSINESSES TILL THIS SCHEME COMES INTO EFFECT

10.1. With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company:

10.1.1. shall carry on and be deemed to have been carrying on the Business and other activities in relation to the operations of the Transferor Company and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Transferor Company for and on account of, and in trust for, the Transferee Company;

10.1.2. all profits or income arising or accruing in favour of the Transferor Company whether or not in relation to the Business and all Taxes paid thereon or losses, expenditures arising or incurred by the Transferor Company in relation thereto shall, for all purposes, be treated as and deemed to be the profits or income, Taxes or losses, expenditures as the case may be, of the Transferee Company;

10.1.3. any of the rights, powers, authorities, privileges, attached, related or pertaining to the Business exercised by the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Business that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Transferee Company;

10.1.4. shall cause the Business (including making applications to any Governmental Authority for the renewal of permits which have expired) to be conducted as a going concern in trust for the Transferee Company and in the ordinary course of business; and

10.1.5. shall not, except as may be expressly required or permitted under this Scheme, make any change in its capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Share Exchange Ratio, except with the prior approval of the Transferee Company.

10.2. Except with the prior approval of the Transferee Company, with effect from the date on which the Board of Directors of the Companies approve this Scheme up to and including the Effective Date, the Transferor Company shall not take any actions prohibited in terms of any agreement, arrangement, undertaking, deed or other document executed in writing *inter-alia* between the Companies and/or any of their shareholders.

11. SAVINGS OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets and liabilities of the Transferor Company as above and the continuance of proceedings by or against the Transferor Company shall not affect any transaction or proceedings already concluded on or after the Appointed Date or till the Effective Date in accordance with this Scheme.

Part 3

12. CONSIDERATION

- 12.1. Upon coming into effect of the Scheme and in consideration for the Amalgamation, the Transferee Company shall, without any further application or deed, issue and allot its equity shares, credited as fully paid up, to all the equity shareholders holding fully paid up equity shares of the Transferor Company, whose names appear in the register of members of the Transferor Company and / or whose names appear as the beneficial owner of the shares of the Transferor Company in the records of the depository, as on the Record Date, to be fixed for the purpose of reckoning names of the equity shareholders the Transferor Company ("**Transferor Company Shareholders**"), in the following ratio:

"10 (Ten) fully paid up equity shares of face value Rs. 2 (Rupees two only) each of the Transferee Company, to be issued for every 47 (Forty Seven) fully paid up equity shares of face value Rs. 10 (Rupees ten only) each held by the Transferor Company Shareholders" (the "**Share Exchange Ratio**").

The equity shares held by the Transferee Company in the Transferor Company shall stand cancelled as an integral part of the Scheme and no equity shares of the Transferee Company shall be allotted in respect of such equity shares. The 62,400 forfeited shares of the Transferor Company shall stand extinguished and cancelled and an amount of Rs 3,12,000 shall be transferred to the head 'Capital Reserve' in the financial statement of the Transferee Company.

The equity shares of the Transferee Company issued and allotted to the Transferor Company Shareholders based on the Share Exchange Ratio provided above shall be referred to as "**Amalgamation Consideration Shares**".

- 12.2. Upon equity shares being issued by the Transferee Company to the Transferor Company Shareholders in accordance with clause 12.1 above, the shares held by the said shareholders in the Transferor Company shall be deemed to have been canceled and extinguished and be of no effect on and from such issue and allotment.
- 12.3. Pursuant to issuance and allotment of the Amalgamation Consideration Shares, in case any equity shareholder of the Transferor Company becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such member but shall consolidate such fractions and issue consolidated shares to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.

- 12.4. SRBC & Co LLP, an independent chartered accountant firm, and Manuj Singhal, chartered accountant and registered valuer have issued valuation reports on the Share Exchange Ratio adopted under the Scheme for both the Companies. Saffron Capital Advisors Private Limited, a SEBI registered merchant banker, has provided its fairness opinion on the Share Exchange Ratio to the Transferor Company and Pantomath Capital Advisors (Private) Limited, a SEBI registered merchant banker, has provided its fairness opinion on the Share Exchange Ratio to the Board of Directors of the Transferee Company.
- 12.5. Equity shares to be issued by the Transferee Company to the respective Transferor Company Shareholders as above shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank *pari passu* with the existing equity shares of the Transferee Company in all respects including dividends.
- 12.6. Equity shares in the Transferee Company shall be issued only in dematerialized form to the Transferor Company Shareholders whether or not they hold shares of the Transferor Company in physical or dematerialized form, in to the account in which the Transferor Company shares are held or such other account as is intimated by the shareholders to the Transferee Company and/or its Registrar. All the Transferor Company Shareholders who hold equity shares of the Transferor Company in physical form shall receive the equity shares in the Transferee Company, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Transferee Company and/or its Registrar. If not so notified, such equity shares shall be kept in abeyance and shall be issued to a Share Suspense Account maintained by the Company. Voting Rights on such shares shall be frozen as long as such shares are held in such Share Suspense Account. All corporate benefits accruing on such shares shall also be credited to such Share Suspense Account for a period of seven years and shall thereafter be transferred by the Transferee Company in accordance with provisions of Section 124(5) read with Section 124(6) of the Act and rules made thereunder.
- 12.7. The Board of Directors of the Transferee Company and the Transferor Company shall, if and to the extent required, apply for and obtain any approvals from all appropriate Governmental Authorities for the issue and allotment of equity shares to the Transferor Company Shareholders pursuant to Clause 12.1 of the Scheme.
- 12.8. Equity shares to be issued by the Transferee Company to the Transferor Company Shareholders pursuant to Clause 12.1 of this Scheme shall, subject to the receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges, where the shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Laws for complying with the formalities of the said Stock Exchanges. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated Stock Exchange.
- 12.9. The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Act or otherwise shall, pending allotment or settlement of dispute by order of

a court or otherwise, also be kept in abeyance by the Transferee Company. In the event of there being any pending share transfers, whether lodged or outstanding, of any of the Transferor Company Shareholders, the Board of Directors of the Transferee Company shall be empowered to take such actions as may be necessary in order to remove any difficulties arising to the transferor of the share in the Transferee Company and in relation to the shares issued by the Transferee Company pursuant to the Scheme.

- 12.10. Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be the due compliance of the provisions of Section 62 of the Act and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Transferee Company to the Transferor Company Shareholders, as provided in this Scheme and there shall be no need to pass a separate shareholders' resolution at a general meeting for the same, as is required under Section 62 and other applicable provisions of the Act.
- 12.11. The equity shares of the Transferee Company issued pursuant to this Scheme may not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Transferee Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Transferee Company may elect to rely upon. In the event the Transferee Company elects to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof, the sanction of the NCLT to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Transferee Company for such an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof.

13. DISSOLUTION OF THE TRANSFEROR COMPANY

Upon the effectiveness of the Scheme, the Transferor Company shall be dissolved without winding up and the Board of Directors of the Transferor Company shall, without any further act, instrument or deed, be and stand dissolved.

14. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEE COMPANY

Notwithstanding anything to the contrary contained in any other clause in the Scheme, the Transferee Company shall give effect to the amalgamation of the Transferor Company in its books, in accordance with Appendix C to Ind AS 103, business combination of entities under common control, notified under Section 133 of the Act, Companies Indian Accounting Standards ('Ind AS') Rules, 2015 and other relevant provisions of the Act, and on the date determined in accordance with Ind AS.

15. INCREASE IN THE AUTHORIZED SHARE CAPITAL OF THE TRANSFEE COMPANY

- 15.1. As an integral part of the Scheme, and, upon the Scheme becoming effective, the authorized share capital of the Transferor Company, as on the Effective Date, shall be deemed to be added to the authorized share capital of the Transferee Company, as on the Effective Date, without any further act or deed and without any further payment of

stamp duty or registration fees and Clause V of the Memorandum of Association of the Transferee Company shall be altered accordingly.

- 15.2. It is clarified that the approval of the members of Transferee Company to the Scheme shall be deemed to be their consent/approval for the increase of the authorized capital, amendment of the capital clause of the Memorandum of Association of the Transferee Company under the provisions of Section 13 and 61 of the Act and other applicable provisions of the Act. Pursuant to this Scheme, the Transferee Company shall file requisite forms with the relevant Registrar of Companies to give effect to the increase in its authorized equity share capital and payment of requisite fee and duty, as may be directed.

16. BOOKS AND RECORD OF THE TRANSFEROR COMPANY

The Transferor Company acknowledges that all books, records, files, papers, engineering and process information, software, licenses for software, algorithms, programs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic of the Transferor Company shall be transferred to the Transferee Company on the Effective Date.

CHAPTER 3

GENERAL TERMS AND CONDITIONS

17. APPLICATION TO NCLT

- 17.1. The Transferor Company and the Transferee Company shall file joint applications before the NCLT for convening meetings of their respective members and creditors, if any, for considering, and if thought fit, approving this Scheme, with or without modification.
- 17.2. Upon this Scheme being agreed to by requisite majority of the members / creditors, if any, of the Transferor Company and the Transferee Company at such meetings, the Transferor Company and the Transferee Company shall file a joint application before the NCLT for sanctioning the Scheme and for passing appropriate orders of transfer and vesting under Section 232 of the Act.

18. LISTING AGREEMENT AND SEBI COMPLIANCE

- 18.1. Since the Transferor Company and Transferee Company are listed companies, this Scheme is subject to compliances of all requirements under the SEBI Listing Regulations and all statutory directives of SEBI in so far as they relate to sanction and implementation of the Scheme including the SEBI Circular.

19. DECLARATION OF DIVIDEND, BONUS, ETC.

- 19.1. During the period between the date of approval of this Scheme by its Board of

Directors and up to and including the Effective Date, the Transferor Company shall not declare or pay any dividends.

- 19.2. It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of Directors of the Companies and subject, wherever necessary, to the approval of the shareholders of the concerned Company.

20. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 20.1. The Transferor Company and the Transferee Company agree that if, at any time, the NCLT or any Governmental Authority directs or requires any material modification or amendment of the Scheme, such material modification or amendment shall not be binding on the Transferor Company or the Transferee Company, except where the prior written consent of both the Transferor Company or the Transferee Company, as the case may be, has been obtained for such modification or amendment, which consent shall not be unreasonably withheld by the Transferor Company and the Transferee Company. Notwithstanding the above, if any modification or amendment to the Scheme, whether material or not, adversely affects the interest of the Transferor Company or the Transferee Company, then, such modification or amendment shall not be binding on the Transferor Company or the Transferee Company, except where the prior consent of both the Transferor Company or the Transferee Company, as the case may be, has been obtained for such modification or amendment, which consent shall not be unreasonably withheld by the Transferor Company and the Transferee Company.
- 20.2. In the event a modification or amendment to the Scheme as required by the NCLT or any Governmental Authority is not approved in accordance with this Clause 20, the Transferor Company and the Transferee Company shall enter into good faith discussions on the manner in which they shall proceed in relation to consummation of the transactions contemplated under the Scheme.
- 20.3. Notwithstanding anything contained in Clauses 20.1 and 20.2, any modification to the Scheme by any of the Companies, after receipt of sanction by the NCLT and/or the Stock Exchanges, shall be made only with the prior approval of the NCLT and/or the Stock Exchanges.

21. CONDITIONALITY OF THE SCHEME

- 21.1. This Scheme is and shall be conditional upon and subject to:
- 21.1.1. Receipt of written approval from the Directorate of Industries, Government of Maharashtra under the eligibility certificate issued for the Mega Project under Package Scheme of Incentives 2007.
- 21.1.2. The Scheme being approved by requisite majorities of such classes of Persons, including the respective members and/or creditors of the

Companies as may be directed by the NCLT under Sections 230 to 232 of the Act.

- 21.1.3. Receipt of no-objection letters from the Stock Exchanges in respect of the Scheme and the transaction contemplated therein, which shall be in form and substance acceptable to the Companies, each acting reasonably and in good faith.
 - 21.1.4. The Scheme being sanctioned by the NCLT under Sections 230 to 232 of the Act, either on terms as originally approved by the Companies, or subject to such modifications approved by the NCLT, which shall be in form and substance acceptable to the Companies, each acting reasonably and in good faith.
 - 21.1.5. The Scheme being approved by the shareholders of the Companies through resolutions (including by the Public Shareholders through e-voting) passed in terms of paragraphs 9(a) and 9(b) of Annexure I of the SEBI Circular, as may be amended from time to time, provided that the same shall be acted upon only if the votes cast by the Public Shareholders in favour of the Scheme are more than the votes cast by the Public Shareholders against it.
 - 21.1.6. Making the necessary filings with, and obtaining approvals from, such authorities, as may be required, and any other sanctions and orders as may be directed by the NCLT in respect of the Scheme.
 - 21.1.7. Certified copy of the Order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies having jurisdiction over the Companies.
 - 21.1.8. The fulfillment, satisfaction or waiver (as the case may be) of such other conditions precedent as may be agreed *inter-alia* between the Transferor Company and the Transferee Company.
 - 21.1.9. The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if is approved in its entirety unless specifically agreed otherwise by the respective Board of Directors of the Companies.
- 21.2. The Scheme shall come into operation from the Effective Date but with effect from the Appointed Date.

22. EFFECT OF NON-RECEIPT OF APPROVAL/SANCTION

- 22.1. In the event the Scheme does not come into effect within 24 (Twenty Four) months from the date on which the Board of Directors of the Companies have approved this Scheme (“**Long Stop Date**”), either the Transferor Company or the Transferee Company may opt to terminate this Scheme and if required may file appropriate proceedings before the concerned NCLT in this respect. Provided however, that the Transferor Company or the Transferee Company shall have the right to mutually extend the Long Stop Date, in writing.

- 22.2. If any part or provision of the Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and / or provisions of this Scheme.

23. EXPENSES CONNECTED WITH THE SCHEME

- 23.1. Except as stated in Clause 23.2 below, each Company shall bear its own costs, charges and expenses in relation to the transactions contemplated herein.
- 23.2. All costs, charges and expenses in respect of the Amalgamation of the Transferor Company with the Transferee Company in terms of or pursuant to the Scheme and in relation to the registration and the stamping of the Sanction Order including registration charges, stamp duty, transfer charges/duty/fees and all other expenses in respect of the Amalgamation, including transfer of all properties, if any, in terms of or pursuant to the Scheme shall be borne by the Transferee Company.

24. POWER TO REMOVE DIFFICULTIES

The Board of Directors of the Companies may jointly and as mutually agreed:

- 24.1. give such directions (acting jointly) as may be mutually agreed by the Companies as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those.
- 24.2. do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

25. RESIDUAL PROVISIONS

- 25.1. The consent of the shareholders and creditors of each of the Companies to the Scheme in accordance with the Act and the SEBI Circular, as applicable, shall be deemed sufficient for the purposes of effecting all the actions set out in this Scheme and no additional actions of the Companies or their respective shareholders and / or creditors shall be separately required.
- 25.2. Upon the Scheme becoming effective, the Transferee Company shall be entitled to operate all bank accounts, realise all monies and complete and enforce all pending contracts and transactions in the name of the Transferor Company to the extent necessary until the transfer of the rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally accepted and completed by the parties concerned. For the avoidance of doubt, it is hereby clarified that with effect from the Effective Date and until such time that the name of the bank accounts of the Transferor Company have been replaced with the name of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of the Transferor Company in so far as may be necessary.
- 25.3. The Transferee Company may, at any time after the Scheme becomes effective in

accordance with the provisions hereof, if so required under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, any party to any contract or arrangement to which any of the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of the Scheme. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes specified above by the Transferor Company.

- 25.4. Upon the Scheme becoming effective, all licences, incentives, remissions, tax incentives, subsidies, privileges, consents, sanctions, and other authorisations, to which the Transferor Company are entitled, shall stand vested in the Transferee Company and permitted or continued by the order of sanction of the NCLT. The Transferee Company shall file the Scheme with applicable Governmental Authorities, including the Registrar of Companies, for their record, who shall take it on record pursuant to the Sanction Order of the NCLT.

**UNITED SPIRITS LIMITED
AND
PIONEER DISTILLERIES LIMITED**

**REPORT ON
SHARE EXCHANGE RATIO**

02 December 2019

Manuj Singhal, CFA

Registered Valuer

Registration No. – IBBI/RV/05/2018/10425

Manuj Singhal

CFA, FRM, PGDM
IBBI Registered Valuer – Securities or Financial Assets

To,
The Board of Directors
United Spirits Limited
UB TOWER, # 24,
Vittal Mallya Road,
Bangalore – 560 001

To,
The Board of Directors
Pioneer Distilleries Limited
'UB TOWER', Level 10,
#24, Vittal Mallya Road,
Bangalore – 560 001

Subject: Report on proposed share exchange ratio on proposed merger of United Spirits Limited ("USL") and Pioneer Distilleries Limited ("PDL").

Dear Sir,
At your request, I, Manuj Singhal ("Registered Valuer" or "RV") have prepared the attached report on the proposed share exchange ratio or proposed merger of United Spirits Limited ("USL") and Pioneer Distilleries Limited ("PDL") together referred to as "the Companies".

This report is for your use only and was prepared exclusively in order to comply with the procedures described in the engagement letter, and may not be presented or distributed to third parties. I understand that the report may be used by your auditors for audit purposes and under statutory regulations under Companies Act and I provide our consent for the same. Please note that I accept no liability or responsibility to any third party including the auditors with regard to my report in any manner.

Thanking you,


Manuj Singhal, CFA
Registered Valuer
Category – Securities or Financial Assets
Registration No. – IBBI/RV/05/2018/10425

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No.- IBBI/RV/05/2018/10425
ICMAI RVO

Place: Gurgaon
Date: 02 December 2019

26, GF, JMD Megapolis, Sector-48, Sohna Road, Gurugram-122018, Haryana, India
Telephone: +91 8285072375 | Email: manuj.singhal@proscel.in

IBBI Certified Registered Valuer
Securities or Financial Assets

Fair Valuation Report : Share-Swap Ratio
United Spirits Limited

ABBREVIATIONS

Abbreviations	Definitions
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
DCF	Discounted Cash Flows
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
FV	Fair Value
FY	Financial Year
Measurement Date	The date for which the valuation is being prepared, which often equates to the reporting date.
NAV	Net Asset Value
PAT	Profit After Tax
PBT	Profit Before Tax
CCM	Comparable companies Multiple
EV	Enterprise Value

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No.- IBBI/RV/05/2018/10425
ICMAI RVO

CONTENTS

Valuation Summary

1. Engagement Background.....	5
2. Sources of Information.....	6
3. Valuation Conclusions.....	7
4. Matters of Emphasis.....	8

Background

5. Industry Overview.....	11
---------------------------	----

Valuation Analysis

6. Valuation Methodology.....	13
7. Market Approach Method.....	14
8. Valuation Results.....	17

Statement of Limiting Conditions

9. Statement of Limiting Conditions.....	22
--	----

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBB/RV/D5/2018/10425
ICMAI RVO

3

Valuation Summary

1. Engagement Background
2. Sources of Information
3. Valuation Conclusion
4. Matters of Emphasis

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBB/RV/D5/2018/10425
ICMAI RVO

M

4

Engagement Background

Background

- United Spirits Limited ("USL") is one of the largest spirits company in India's. USL is a public company domiciled and headquartered in Bengaluru, Karnataka, India. It is incorporated under the Companies Act, 1956 and its shares are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- Pioneer Distilleries Limited ("PDL"), a subsidiary of USL, is also public company engaged in the business of manufacturing and selling of Portable/Beverage alcohol, spirits and related products. PDL has its shares listed on BSE Limited and National Stock Exchange of India (NSE).
- USL and PDL are primarily engaged in the business of manufacture, purchase and sale of beverage alcohol (spirits and wines), including through tie-up manufacturing units and through strategic franchising of some of its brands.
- USL produces and sells around 90mn cases of Scotch whisky IMFL whisky brandy rum vodka gin and wine.
- USL is a subsidiary of global leader, Diageo, having a world class portfolio which includes premium brands such as Johnnie Walker, Black Dog, Black & White, Vat 69, Antiquity, Signature, Royal Challenge, McDowell's No. 1, Smirnoff, and Captain Morgan.
- USL's portfolio includes brands such as McDowell's No.1 Royal Challenge Signature and Antiquity among others.
- The strength of USL lies in scale, the geographical diversity of our business and our desire to continuously improve our performance. USL has 50 manufacturing facilities across states and union territories in India, a strong distribution network and a state-of-the-art Technical Centre.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO



5

Purpose of Report

- I understand that USL and PDL (together referred to as "the Companies") are proposing a merger scheme and in connection to both the Companies have appointed me to provide a report on recommended share exchange ratio for the proposed merger as on the date of this report.
- This report (hereinafter referred to as "Report") is being furnished at the request of the management of both the Companies for recommended share exchange ratio between USL and PDL.

Sources of Information

The following sources of information have been utilized in conducting the valuation analysis:

- Company specific information – The following Company specific information of USL and PDL, as provided by management of both the Companies, verbally or in written form have been inter-alia used in the valuation.
 - Audited Financial Statements and notes to accounts for the year ended 31 March 2019;
 - Published financial statements for the six-months ended 30 September 2018;
 - Published financial statements for the six-months ended 30 September 2019;
 - Published market price on National Stock Exchange ("NSE") database.
- Industry and economy information – The following sources were utilized for analyzing the industry and the competitors:
 - Discussion with the management of both the Companies;
 - Publicly available information;
- Obtained information from NSE database.
- In addition to the above, I have also obtained such other information and explanations from Management of both the Companies as were considered relevant for the purpose of the valuation.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO



6

Valuation Conclusion

- I have valued the proposed share exchange / swap ratio using Market Approach and Comparable Companies Multiple ("CCM") Approach. A discussion on the appropriateness of the methodology adopted is in Section 8 of the report. A summary of the valuation of the shares is depicted in the table alongside.
- Based on analysis of the acceptable methodologies and on consideration of all relevant factors the business of USL and PDL, we recommend that the Share Exchange Ratio for the proposed merger of USL and PDL be considered to be:
10 (Ten) equity shares of USL (of INR 2/- each fully paid up) for 47 (Fourty Seven) equity Shares held in PDL (Of INR 10/- each fully paid up) on the merger of PDL with USL.
- This report should be read in its entirety but especially in conjunction with Matters of Emphasis and Statement of Limiting Conditions.

Particulars	USL	PDL
CCM Equity value	460,123,737,392.28	1,747,690,394.26
Market value of equity	440,524,720,968.75	1,784,119,000.00
Weightage to applied for each value	50:50	50:50
Equity value	450,324,229,180.51	1,765,969,697.13
Number of shares	726,638,715.00	13,420,000.00
Per share value	620	132
Swap ratio	4.7	

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO

Matters of Emphasis

- While the information provided herein is believed to be true and reliable to the best of my knowledge, I do not make any representations or warranties, expressed or implied, as to the accuracy or completeness of such information.
- Our agreed scope of work does not include verification of data submitted by Management of both the Companies and I have fully relied upon data provided to me. I do not purport to give any representation, warranty or other assurance in relation to this document.
- The report shall not be distributed, published, reproduced or used, without the prior expressed written consent, for any purpose other than for accounting purposes and regulatory purposes. The Fair Valuation Analysis may be shared with the owners and auditors.
- The report highlights the approach to analysis and summarizes the methodology keeping in view the circumstances of the business and arrives at the value.
- For the purpose of the Report, I have relied on data, facts, information, documents and explanations (verbal and written) as authenticated and provided by Management of both the Companies which consists of Business projections.
- I wish to clarify that valuation is not an exact science, and its conclusions are necessarily subjective and depend on individual opinion. This valuation is only one of several factors to be considered to determine the valuation of the shares.
- When executing the work, I have used historical, audited and unaudited information and data provided in writing or verbally by Management of both the Companies or obtained from the sources mentioned. The cash flow projections were not analyzed or even discussed by independent technical experts and, therefore, they are based solely on the results obtained by applying the model used to calculate the value of the business. Furthermore, since any forecast is subjective, depends on individual judgment and is subject to uncertainties, I do not present my estimates as specific results to be achieved. Therefore, I am not able to express, and I do not express an opinion on historical data, forecasts and other information contained in my report.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO

- My work on the economic and financial evaluation did not consider any manner of contingency, incompleteness or active or passive supereminence that I was not formally disclosed or were not reflected in the balance sheet positions as at the base date, which were provided by Management of both the Companies. Consequently, my conclusions did not consider their effect, if any, on future results and the appraised value of the Companies and the business segments that may reflect changes in the value of the business.
- I have relied on data from external sources. These sources are reliable and therefore, I assume no liability for the accuracy of the data. I have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences. I have also assumed that the transaction proceeds as envisaged without any delays or disruptions and is consummated immediately.
- I have no present or planned future interest in the Companies or its parent(s)/ subsidiaries and the fee for this report is not contingent upon the values reported herein.
- My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any transaction with the Companies.
- My work was developed for the purposes already described in the beginning of this report and as per the letter. Therefore, (i) my work (including analysis, results, conclusions, reports and other information) should not be used for purposes other than the aforementioned, and (ii) my reports should not be published, circulated, reproduced or disclosed to third parties without my prior approval in writing in each case, which may or may not be granted, or may be granted subject to certain conditions. If I grant a third party permission to access my report, this access will be subject to (i) this third party signing a document releasing us from any liability regarding its work and report (the terms of this document to be exclusively determined by us), and (iii) the final report is presented in full. I understand that the report may be used by your auditors for audit purposes and under statutory regulations under Companies Act. I provide my consent for the same in advance. Please note that I accept no liability or responsibility to any third party including the auditors regarding my report in any manner.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO



9

Background

5. Industry Overview

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO



10

Industry Overview*

- India's alcohol industry is the third largest in the world with a value of \$35 billion. The industry is divided into three categories: Indian Manufactured Foreign Liquor (IMFL), beer, and homemade liquor.
- Revenue in the Alcoholic Drinks market amounted to US\$67,661m in 2018. The market is created by the demand and supply of products. The millennial has changed the liquor industry's demand and increased it to multiple folds.
- Companies such as United Spirits Limited, Carlsberg India Private Limited, Mohan Meakin Limited, AB InBev India Pvt. Ltd, Molson Coors India Private Limited, B9 beverages private limited, SOM Distilleries and Breweries Limited, and DeVANS Modern Breweries Limited are the key players of alcohol market in India.
- The share of alcohol imported into India is 0.08% of the Indian market which is negligible primarily because the heavy duties and taxes raises its price. But, nevertheless, there is a sizeable income group which can easily afford the expensive brands. According to the study conducted by Business Wire, a Berkshire Hathaway Company, "high demand for expensive liquor, the market scenario seems to be very optimistic in the near future.
- The emergence of modern retail outlets and hypermarkets across various metropolitan areas has increased the convenience of alcohol consumers who would like to purchase alcohol for their personal consumption. Apart from normal stores e-commerce is the next big sector in India. Moreover, On-Trade channels are projected to exhibit the highest growth rate during the forecast period. People usually prefer restaurants, bars, wineries, and breweries to socialize over a beer majorly due to the rapid growth of the hospitality sector.

*: Based on various publicly available data on the internet and my research.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No.- IBBI/RV/05/2018/10425
ICMAI RVO

M

11

Valuation Analysis

6. Valuation Methodology
7. Market Approach Method
8. Valuation Results

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No.- IBBI/RV/05/2018/10425
ICMAI RVO

M

12

Valuation Methodology

Equity value of the Companies

Following segment of the report discusses the approach and the methodologies involved in determination of the Equity Value. To determine the value of shares, three traditional approaches can be considered:

A. Market Approach

Market Approach valuation techniques determine the value of an intangible asset based on the prices of similar assets bought and sold in the recent market transactions. A fair value estimate is generally derived from the transaction price for an asset or several similar assets for which observable market data is available. Intangible assets are typically transferred only as a part of selling a business or in a licensing agreement. Observable market data for an intangible asset is limited. The quoted price, additionally, could be affected by a lack of liquidity in the market. This approach is therefore less frequently used to estimate the fair value of an intangible asset.

B. Cost Approach

Cost Approach valuation techniques determine the value of an intangible asset based on its historical cost to create or the cost to replicate the asset under review. This approach considers physical deterioration and use as well as technological and economic obsolescence, if relevant. However, this ignores future economic benefits of owning the asset that would influence the price that a willing buyer would pay.

C. Income Approach

The Income Approach indicates the value of a business based on the value of the cash flows that a business is expected to generate in future. This approach is appropriate in most going concern situations as the worth of a business is generally a function of its ability to earn income/cash flow and to provide an appropriate return on investment.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO

M

13

➤ Conclusion

- USL and PDL are listed Companies having publicly available information and of companies in the same industry in which both the Companies operates.
- Based on discussions held with management of both the Companies and analysis performed of the market information available and the market capitalization of both the companies, we have considered Market Price Approach and Comparable Companies Approach under the Market Approach Method as the most suitable approach for the purpose of valuation of the companies as on the date of valuation.

Market Approach Method

Compared to the Income Approach that incorporates company specific estimates to arrive at the firm's intrinsic value, the Market Approach relies on relative valuation to arrive at the value of a business, based upon how similar assets are priced in the market.

The use of relative valuation and more specifically the Market Approach is widespread, especially in equity research reports and acquisition valuations. This is primarily because of its benefits, some of which are listed below:

- (a) It is easy to use, simple to comprehend and is hence, less time consuming and easily understood by users.
- (b) It incorporates information from other valuations in a simple way and provides consistency in the valuation process by ensuring that valuation is in line with other comparative valuations.
- (c) It relies upon market information and implicitly embodies current market consensus about assumptions such as the discount rate and growth rate. Hence, it reflects the current mood of the market.

The Market Approach can be applied through different methods, namely Market Price Method, Comparable Companies Multiple Method Comparable Transaction Multiple Method and Prior Sale of Business Method.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO

M

14

Market Price Method:

In this method, a valuer shall consider the traded price observed over a reasonable period while valuing assets which are traded in the active market. A valuer shall also consider the market where the trading volume of asset is the highest when such asset is traded in more than one active market.

A valuer shall use average price of the asset over a reasonable period. The valuer should consider using weighted average or volume weighted average to reduce the impact of volatility or any one time event in the asset.

Comparable Companies Multiple Method:

Market Comparable Method involves the identification of comparable companies followed by the derivation of market based multiples. While applying such multiples to the subject company's financial metrics (e.g. revenue or earnings), careful adjustments to account for differences in fundamentals between the comparable companies and the subject must be undertaken.

Theoretically, a comparable company is the one with cash flows, growth potential and risk similar to the company being valued. Conventionally, looking at the companies within the sector provides a better-matched and similar-profiled set of comparable companies. Alternatively, in some cases, it is necessary to look across sectors to identify comparable companies. In practice, one seldom finds exactly similar companies.

The next step is to arrive at a standardized set of ratios for comparison, commonly known as multiples. Multiples are a ratio of the enterprise value/equity value over different financial parameters like Revenue, Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA"), Profit after Tax ("PAT"), Earnings per Share ("EPS"), book value etc., with some being preferred over the others. For example, EBITDA multiple is preferred over PAT multiple so as to eliminate the effect of differences in depreciation policies and the impact of leveraging.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO

15

As comparable companies are not exactly similar to the company being valued, the multiples derived from such companies cannot be applied sacrosanct, and thus merit various subjective adjustments to account for differences in risk profile, growth rate, etc. For example, a company with higher EBITDA margin should command a better multiple than an average performer or a positive adjustment is required for a company with better growth potential.

In some cases, multiples of non-financial parameters are also used. For example, it is a common practice to evaluate oil companies using multiples of value per barrel of oil or in case of banking shares using value based on the loan portfolio.

Conclusion

Based on analysis of the acceptable methodologies and on consideration of all relevant factors the business of USL and PDL, I have valued the equity value of both the companies based on a weighted average equity value based on Market Price Method and Comparable Companies Multiple Method.

Based on the above factors, we recommend that the Share Exchange Ratio for the proposed merger of USL and PDL be considered to be:

10 (Ten) equity shares of USL (of INR 2/- each fully paid up) for 47 (Forty Seven) equity Shares held in PDL (Of INR 10/- each fully paid up) on the merger of PDL with USL.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO

M

16

Valuation Result:

Equity Valuation

– Comparable Companies Multiple Method

The table below depicts the CCM valuation summary for USL:

Particulars	Amount
TTM EBITDA of USL (refer Note 1)	15,406,000,000.00
Weighted EV / EBITDA Ratio (refer Note 2)	31.55
Enterprise Value	485,992,737,392.28
Less : Net Debt *	25,869,000,000.00
Equity value	460,123,737,392.28

*Based on published financial information of the Companies.

Note 1 : Trailing twelve months (TTM) EBITDA

Particulars	H1 FY 2018-19	FY 2018-19	H1 FY 2019-20	TTM
Revenue	138,123,000,000.00	288,725,000,000.00	145,924,000,000.00	296,526,000,000.00
Total expenses	132,791,000,000.00	279,308,000,000.00	139,364,000,000.00	285,881,000,000.00
Add: Depreciation	1,083,000,000.00	2,147,000,000.00	1,342,000,000.00	2,406,000,000.00
Add: Finance Cost	1,101,000,000.00	2,372,000,000.00	1,084,000,000.00	2,355,000,000.00
EBITDA	7,516,000,000.00	13,936,000,000.00	8,986,000,000.00	15,406,000,000.00

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO

M

17

Note 2 : Weighted EV / EBITDA

Comparable Companies	Market capitalization	Net debt	Enterprise Value	TTM EBITDA	EV/EBITDA	Weights (refer Note 3)	Weighted EV/EBITDA
ITC Limited	3,026,776,900,000.00	(41,425,100,000.00)	2,985,351,800,000.00	172,173,400,000.00	17.34	16.67	2.89
United Breweries Ltd.	331,524,400,000.00	352,600,000.00	331,877,000,000.00	9,417,100,000.00	35.24	16.67	5.87
VST Industries Limited	67,145,300,000.00	(1,311,900,000.00)	65,834,300,000.00	4,265,358,000.00	15.43	16.67	2.57
Briannia Industries Ltd	734,149,700,000.00	282,000,000.00	734,431,700,000.00	17,765,400,000.00	41.34	16.67	6.89
Nestle India Limited	1,393,780,800,000.00	(15,749,200,000.00)	1,378,031,600,000.00	24,439,600,000.00	56.39	16.67	9.40
Tata Global Beverages Ltd	203,886,500,000.00	832,900,000.00	204,719,400,000.00	8,699,380,000.00	23.53	16.67	3.92
	5,840,357,600,000.00	(43,968,200,000.00)	5,796,389,400,000.00	236,760,278,000.00	189.27	100.00	31.55

Note 3 : Weights applied

Weights have been applied based on the comparability of the financial positions and market position of companies with regards to USL.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO

M

The table below depicts the CCM valuation summary for PDL:

Particulars	Amount
TTM Revenue of PDL (refer Note 1)	1,600,000,000.00
Weighted EV / Revenue Ratio (refer Note 2)	1.09
Enterprise Value	1,747,690,394.26

Note 1 : TTM Revenue for PDL

Particulars	H1 FY 2018-19	FY 2018-19	H1 FY 2019-20	TTM
Revenue	613,000,000.00	1,384,000,000.00	829,000,000.00	1,600,000,000.00

Note 2 : Weighted EV / Revenue

Comparable Companies	Market capitalization	Net debt	Enterprise Value	Revenue	EV/Revenue	Weights (refer Note 3)	Weighted EV/Revenue
United Spirits Limited	440,415,700,000.00	25,869,000,000.00	466,284,700,000.00	296,526,000,000.00	1.57	50.00	0.79
Associated Alcohols and Breweries	3,752,300,000.00	168,700,000.00	3,921,000,000.00	4,906,800,000.00	0.80	12.50	0.10
G.M. Breweries Limited	7,852,900,000.00	(11,200,000.00)	7,841,700,000.00	17,412,800,000.00	0.45	12.50	0.06
SOM Distilleries & Breweries	3,509,300,000.00	1,292,500,000.00	4,801,800,000.00	6,943,400,000.00	0.69	12.50	0.09
Globus Spirits Limited	4,031,900,000.00	1,985,100,000.00	6,017,000,000.00	11,856,500,000.00	0.51	12.50	0.06
	463,280,800,000.00	28,864,300,000.00	492,145,100,000.00	337,645,500,000.00	4.82	100.00	1.09

Note 3 : Weights applied

Weights have been applied based on the comparability of the financial positions, relationship with PDL and market position of companies with regards to PDL. Since PDL is a subsidiary of USL, higher weightage to USL has been applied and have applied a weight on other companies proportionately.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO

19

– Market Price Method

Particulars	USL	PDL
Number of shares*	726,638,715	13,420,000
Market rate#	606.25	132.95
Equity value	440,524,720,968.75	1,784,189,000

*Based on financial statements published publicly.

#Volume weighted Average share price has observed on National Stock Exchange over a reasonable period has been considered.

Swap Ratio Valuation :

Particulars	USL	PDL
CCM Equity value	433,030,581,988.02	1,636,377,984.29
Market value of equity	440,524,720,968.75	1,784,189,000.00
Weightage to applied for each value	50:50	50:50
Equity value	436,777,651,478.38	1,710,283,492.14
Number of shares	726,638,715.00	13,420,000.00
Per share value	601	127
Swap ratio	4.7	

Accordingly, based on the computation, it can be noted that the 10 shares of USL for 47 shares of PDL are to be issued.

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO

ML

20

Statement of Limiting Conditions

- The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that it will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to the following matters:
 - Matters of a legal nature, including issues of legal title and compliance with local laws, and
 - Litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Companies.
- I am not aware of any contingency, commitment or material issue which could materially affect both the Company's economic environment and future performance and therefore, the fair value of both the Company's business. No effort has been made to determine the possible effect, if any, on the subject business due to future central, state or local legislation, including any environmental or ecological matters or interpretations thereof.
- It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecasts and as such differences may be material. To the extent that my conclusions are based on forecasts, I express no opinion on the achievability of those forecasts.
- I am not responsible for arithmetical accuracy / logical consistency of any financial model or business plan provided by Management of both the Companies and used in my valuation analysis.
- No enquiry into both the Company's claim to title of assets or property has been made for the purpose of this valuation. Regarding both the Company's claim to title of assets or property, I have relied solely on representations, whether verbal or otherwise, made by Management of both the Companies to me for the purpose of this report. I have not verified such representations against any title documents or any agreements evidencing right or interest in or over such assets or property, and have assumed both the Company's claim to such rights, title or interest as valid for the purpose of this report. No information has been given to me about liens or encumbrances against the assets, if any, beyond the loans disclosed in the accounts. Accordingly, no due diligence into any right, title or interest in property or assets was undertaken and no responsibility is assumed in this respect or in relation to legal validity of any such claims.

*****END OF REPORT*****

Manuj Singhal, CFA
Registered Valuer - S&FA
R.No. - IBBI/RV/05/2018/10425
ICMAI RVO 

Dated: 02 December 2019

To
**The Board of Directors,
United Spirits Limited**
UB Tower,
No. 24, Vittal Mallya Road,
Bengaluru - 560 001
Karnataka, India

**The Board of Directors
Pioneer Distilleries Limited**
Level 10, UB Tower,
No. 24, Vittal Mallya Road,
Bengaluru - 560 001
Karnataka, India

Sub: Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

Dear Sir / Madam,

We refer to our engagement letter whereby S R B C & CO LLP (hereinafter referred to as "SRBC" or "we" or "us" or "Valuer") is appointed by United Spirits Limited ("USL") and Pioneer Distilleries Limited ("PDL") (hereinafter collectively referred to as "Clients" or "You" or "Companies") for recommendation of fair exchange ratio of equity shares for the proposed merger of PDL into USL ("Proposed Merger").

The fair exchange ratio for this report refers to number of equity shares of face value of INR 2/- each of USL, which would be issued to the equity shareholders of PDL in lieu of number of equity shares of face value of INR 10/- each of PDL held by them, pursuant to the Proposed Merger.

Our deliverable for this engagement would be a fair exchange ratio report ("Fair Exchange Ratio Report" or "Report").

SCOPE AND PURPOSE OF THIS REPORT

PDL, incorporated in 1992 is based in Bengaluru, India. The equity shares of PDL are listed on NSE and BSE. It manufactures and sells potable alcohol, spirits and related products in India. The company's primary products include extra neutral alcohol (molasses based and grain based), Malt etc. apart from providing contract-based bottling services to its parent, USL. PDL has undertaken capacity expansion during FY17 and FY18 in its plant in Dharmabad, Nanded. However, due to multiple stoppages in the utilities/plants and designing of plant and complexities involved including augmenting of effluent handling system, the plant is being operated at a lower capacity utilization of about 60%. PDL is undertaking corrective measures. For the financial year ended 31 March 2019, PDL reported net revenues from operations of INR 1,383.8 million and loss after tax of INR 670.8 million.

USL, incorporated in 1999, is based in Bengaluru, India. The equity shares of USL are listed on NSE and BSE. It manufactures, purchases and sells alcoholic beverages primarily in India. USL's own brands include McDowell's, Royal Challenge, Signature, Black Dog, etc. It also sells Diageo's brands such as, Captain Morgan, Johnnie Walker, Black & White, Smirnoff etc. For the financial year ended 31 March 2019, USL reported consolidated net revenues from operations of INR 93.4 billion and consolidated profit after tax of INR 6.8 billion.

We understand that the managements of the USL and PDL (hereinafter collectively referred to as "the Management") are contemplating the merger of PDL into USL under a Scheme of Amalgamation under the provisions of Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the



Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

Companies Act, 2013. As a consideration for this Proposed Merger, equity shareholders of PDL would be issued equity shares of USL in lieu of their shareholding in PDL.

For the aforesaid purpose, the Board of Directors of USL and PDL have appointed SRBC to recommend a fair exchange ratio, for the issue of USL's equity shares to the equity shareholders of PDL, to be placed before the Audit Committee/Board of Directors of USL and PDL.

We understand that the appointed date for the merger as per the draft scheme is 1 April 2019.

The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Companies and report a fair exchange ratio for the Proposed Merger in accordance with internationally accepted valuation standards / ICAI Valuation Standards 2018 issued by Institute of Chartered Accountants of India.

We have been provided with unaudited financial statements for six months ended 30 September 2019, and audited financial statements and other financial information of the Companies for the year ended 31 March 2019 and earlier periods. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional information made known to us. Further, we have been informed that all material information impacting the Companies have been disclosed to us.

We have assumed following while arriving at the fair exchange ratio for the Proposed Merger:

- (a) There would not be any capital variation in the Companies till the Proposed Merger becomes effective, except issuance of Employee Stock Options in normal course of the business of the Companies, if any;
- (b) Till the Proposed Merger becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years, if any.
- (c) There are no unusual/abnormal events in the Companies since the last audited accounts till the Report date materially impacting their operating/financial performance.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed above and hereinafter. As such, the Report is to be read in totality and not in parts.



Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

SOURCES OF INFORMATION

In connection with this exercise, we have received/obtained the following information about the Companies:

1. For Pioneer Distilleries Limited
 - Unaudited financial statements for six months ended 30 September 2018 and 30 September 2019;
 - Annual report for years ended 31 March 2015 to 31 March 2019;
 - PDL's Board approved Revenue and EBITDA considering normative level of business operation, capex required to be incurred to achieve normative level of business operation and year in which normative profits are expected to be achieved;
 - Shareholding pattern as at 30 September 2019;
 - Details of contingent liabilities as at 30 September 2019 and confirmation that there is no material change in contingent liabilities from 30 September 2019 till report date;
 - Other relevant information.
2. For United Spirits Limited
 - Unaudited financial statements of USL (Standalone and consolidated) for six months ended 30 September 2018 and 30 September 2019;
 - Annual report of USL (standalone and consolidated) and its subsidiaries for the years ended 31 March 2015 to 31 March 2019;
 - Unaudited financial statements of Royal Challengers Sports Private Limited, a wholly-owned subsidiary of USL for six months periods ended 30 September 2018 and 30 September 2019;
 - Provisional financial statements of other subsidiaries for six months ended 30 September 2019;
 - Provision financial statements of Hip Bar Private Limited, a 26% associate company of USL for six months period ended 30 September 2019;
 - Shareholding pattern as at 30 September 2019;
 - Details of contingent liabilities as at 30 September 2019 and confirmation that there is no material change in contingent liabilities from 30 September 2019 till report date;
 - Other relevant information.
3. Draft scheme of merger of PDL into USL.

Besides the above listing, there may be other information provided by the Companies which may not have been perused by us in any detail, if not considered relevant for our defined scope.

During the discussions with the management of Companies, we have also obtained explanations and information considered reasonably necessary for our exercise. The Clients have been provided with the opportunity to review the draft report (excluding the recommended fair exchange ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial, operating and qualitative information
- Obtained data available in public domain
- Discussions (in person/over call) with the Management to:
 - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Undertook Industry Analysis:



Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into
United Spirits Limited

- Research publicly available market data including economic factors and industry trends that may impact the valuation
- Analysis of key trends and valuation multiples of comparable companies/comparable transactions using:
 - Proprietary databases subscribed by us or our network firms
- Selection of internationally accepted valuation methodology/(ies) / ICAI Valuation Standards 2018 issued by Institute of Chartered Accountants of India as considered appropriate by us.



Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The recommendation contained herein is not intended to represent value at any time other than report date. We have no obligation to update this report.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Report Date and (iii) are based on the unaudited financial statements of the Companies as at 30 September 2019. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between 30 September 2019 and the Report date and that no material changes have occurred in their respective operations and financial position between 30 September 2019 and the Report date.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation rendered in this Report only represent our recommendation based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into accounts all the relevant factors. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the fair exchange ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the fair exchange ratio of the equity shares of PDL and USL. The final responsibility for the determination of the fair exchange ratio at which the Proposed Merger shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Merger and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data as detailed in the section - Sources of Information.

We have not independently audited or otherwise verified the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Clients, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by/on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Companies will be managed in a competent and responsible manner. Further, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not



Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

disclosed in the audited/unaudited balance sheet of the Companies. Our conclusion of value assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

PDL's Board approved Revenue and EBITDA considering normative level of business operation, capex required to be incurred to achieve normative level of business operation and year in which normative profits are expected to be achieved have been used in the preparation of the Report reflects judgment of Board of Directors of PDL, based on present circumstances, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always may differ from the forecasts and as such differences may be material.

The report does not address the relative merits of the Proposed Merger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Amalgamation, without our prior written consent. In addition, this report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the Proposed Merger and we express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Merger.

SRBC's appointment was formalized via engagement letter dated 30 November 2019.



Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

SHAREHOLDING PATTERN**Pioneer Distilleries Limited**

The issued and subscribed equity share capital of PDL as at 30 September 2019 is INR 133.9 million consisting of 13,388,200 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Shareholding Pattern as on 30 September 2019	No of equity shares	% Shareholding
Promoter & Group	10,041,150	75.0%
Public – Institutions	0	0.0%
Public – Non-Institutions	3,347,050	25.0%
Grand Total	13,388,200	100.0%

Source: BSE

United Spirits Limited

The issued and subscribed equity share capital of USL as at 30 September 2019 is INR 1,453.3 million consisting of 726,638,715 equity shares of face value of INR 2 each. The shareholding pattern is as follows:

Shareholding Pattern as on 30 September 2019	No of equity shares	% Shareholding
Promoter & Group	412,410,600	56.8%
Public – Institutions	207,829,654	28.6%
Public – Non-Institutions and Government	106,398,461	14.6%
Grand Total	726,638,715	100.0%

Source: BSE



Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

APPROACH - BASIS OF MERGER

The Proposed Scheme of Amalgamation contemplates the merger by absorption of PDL into USL. Arriving at the fair exchange ratio for the Proposed Merger of PDL into USL would require determining the relative value of the equity shares of PDL and USL. These values are to be determined independently, but on a relative basis for the Companies, without considering the effect of the Proposed Merger.

There are several commonly used and accepted methods under the market, income and asset approaches for determining the fair exchange ratio for the Proposed Merger of PDL into USL, which have been considered in the present case, to the extent relevant and applicable, and subject to availability of information, including:

1. Net Asset Value method
2. Discounted Cash Flow method
3. Comparable Companies' Multiples method
4. Market Price method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of the Companies.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for mergers of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Net Asset Value ("NAV") Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the companies amalgamate as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values. In a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance. Therefore, we have not used the NAV Method for valuation.

Discounted Cash Flows ("DCF") Method

Under the DCF method the projected free cash flows to the equity shareholders are discounted at the cost of equity. The sum of the discounted value of such free cash flows is the value of the firm for equity shareholders.



Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's equity capital.

Appropriate discount rate to be applied to cash flows i.e. the cost of equity:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers (namely equity shareholders). The opportunity cost to the equity capital provider equals the rate of return the equity capital provider expects to earn on other investments of equivalent risk.

We were not provided with the projections for both companies by the Management hence we have not used this method for the valuation exercise.

Comparable Companies' Multiples ("CCM") method

Under this method, value of equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies, and comparable transaction multiples. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

We have considered Enterprise value to Earnings before interest, tax, depreciation and amortization (EV/EBITDA) multiple of the comparable listed companies and comparable transactions for the purpose of our valuation. The enterprise value is adjusted for net debt to arrive at the Equity value.

The total equity value is then divided by the total number equity shares for arriving at the value per equity share of the Companies under CCM method.

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the equity shares of the Companies are listed on BSE and NSE. In these circumstances, the share price observed on NSE for the respective Companies over a reasonable period have been considered for arriving at the value per equity share of the Companies under the market price method.

MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION

- The equity shares of the Companies are frequently traded as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011 guidelines, as applicable, on a recognized stock exchange (NSE) during the twelve calendar months preceding the Report date.
- Key operating / financial parameters of the Companies vis-à-vis its comparable companies.



Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

BASIS OF FAIR EXCHANGE RATIO

The basis of the merger of PDL into USL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the above methods, for the purposes of recommending the fair exchange ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.

The fair exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations.

We have independently applied methods discussed above, as considered appropriate and arrived at value per share of the Companies.

The computation of fair exchange ratio for merger of PDL into USL is tabulated below:

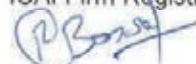
Valuation Approach	USL		PDL	
	Value per equity share (INR)	Weight	Value per equity share (INR)	Weight
Market Approach				
- Market Price Method	624.1	50%	130.9	50%
- Comparable Companies' Multiples Method	613.8	50%	131.6	50%
Income Approach - Discounted Cashflows Method	NA	NA	NA	NA
Asset Approach – Net Asset Value method	47.2	NA	0.0*	NA
Relative Value per Equity Share	618.9		131.2	
Fair Exchange Ratio (Rounded)			4.7	

* Since the value per equity share is negative, it is considered at zero and not shown in the table above

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following fair exchange ratio for the Proposed Merger of PDL into USL:

10 (Ten) equity shares of USL of INR 2/- each fully paid up for every 47 (Forty-Seven) equity shares of PDL of INR 10/- each fully paid up.

Respectfully submitted,
S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/ E300003



Ravi Bansal
Partner

Membership No: 049365

UDIN: 19049365AAAA

Date: 2 December 2019

Place: Mumbai



02 December 2019

To,
**The Board of Directors,
United Spirits Limited**
UB Tower,
No. 24, Vittal Mallya Road,
Bengaluru - 560 001
Karnataka, India

**The Board of Directors
Pioneer Distilleries Limited**
Level 10, UB Tower,
No. 24, Vittal Mallya Road,
Bengaluru - 560 001
Karnataka, India

Sub: Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

Dear Sir / Madam,

This is with reference to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited" ("Valuation Report"). As desired by you, we have given workings ("Valuation Workings") of our valuation analysis herein.

As explained in our Valuation Report, the Fair Exchange Ratio of equity shares for the purpose of the proposed merger of Pioneer Distilleries Limited (hereinafter referred to as 'PDL') into United Spirits Limited (hereinafter referred to as "USL") (hereinafter together referred to as "Companies") has been arrived at on the basis of a relative valuation of these Companies based on the various methodologies as indicated in our report and various qualitative factors relevant to each Company and the business dynamics of the Companies, having regard to information base, management representations and perceptions, key underlying assumptions and limitations as referred to in the Valuation Report. Please note that we have not attempted to arrive at the absolute values of the Companies but at their comparative values to facilitate the determination of a fair exchange ratio.

We have valued the equity share of USL and PDL based on Market Price ("MP") method and Comparable Companies' Multiples ("CCM") method.

The equity shares of USL and PDL are listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"). In these circumstances, since the volumes traded on NSE are higher, the share price observed on NSE for USL and PDL over a reasonable period has been considered for arriving at the value per equity share of USL and PDL under MP method.

We have considered Enterprise value to Earnings before interest, tax, depreciation and amortization (EV/EBITDA) multiple of the comparable listed companies/ comparable transactions for the purpose of our valuation. The total equity value is then divided by the total number equity shares for arriving at the value per equity share of the Companies under CCM method.



Page 1 of 11

Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

We were not provided with the projections for both Companies by the Management hence we have not used Discounted Cash Flow method for the valuation exercise.

The Net Asset Value (NAV) method ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. We have computed value as per NAV method but have not considered same for valuation exercise.

We have considered it appropriate to assign equal weights to both the MP method and CCM method for valuation of USL and PDL.

On the above basis, relative value of equity shares for the swap ratio is as follows:

- 1) USL - INR 618.9 per equity share of INR 2/- each fully paid up
- 2) PDL - INR 131.2 per equity share of INR 10/- each fully paid up

In light of the above, and in consideration of all the relevant factors and circumstances as discussed and outlined in the report dated 02 December 2019, the proposed Fair Exchange Ratio for the proposed merger of PDL into USL is as follow:

- 10 (Ten) equity shares of USL of INR 2/- each fully paid up for every 47 (Forty seven) equity shares of PDL of INR 10/- each fully paid up.

The above including the attached Valuation Workings should be read in conjunction with our report dated 02 December 2019 and is subject to the scope limitations enunciated in the report.

Thanking You,

For S R B C & CO LLP

ICAI Firm registration number: 324982E/ E300003

Chartered Accountants



Ravi Bansal
Partner

Membership No: 649365

UDIN: 19049365AAAADT6784

Date: 02 December 2019

Place: Mumbai

Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

Determination of fair exchange ratio

Valuation Approach	USL		PDL	
	Value per equity share (INR)	Weight	Value per equity share (INR)	Weight
Market Approach				
- Market Price Method	624.1	50%	130.9	50%
- Comparable Companies' Multiples Method	613.8	50%	131.6	50%
Income Approach - Discounted Cashflows Method	NA	NA	NA	NA
Asset Approach - Net Asset Value Method	47.2	NA	0.0*	NA
Relative Value per equity share	618.9		131.2	
Fair Exchange Ratio (Rounded)			4.7	

* Since the value per equity share is negative, it is considered at zero and not shown in the table above



Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

Working Note 1 –

Computation of market price of USL based on average of daily volume weighted average price for 3 months ended 29 November 2019

Date	Price-Open (INR)	Price-High (INR)	Price-Low (INR)	Last Price (INR)	Volume	No. of Trades	Net Turnover ('000)	Market Cap (INR mn)	NSE Close	Wt.Avg. Price (INR)
29-Nov-19	605.00	613.65	598.55	606.25	13,58,216	45,288	8,23,316	4,40,525	12,056	605.2
28-Nov-19	608.80	611.30	601.00	604.70	14,03,539	30,198	8,48,558	4,39,398	12,151	604.6
27-Nov-19	611.90	613.75	602.00	606.75	14,41,634	43,926	8,76,719	4,40,888	12,101	608.1
26-Nov-19	621.90	629.90	605.65	609.65	22,57,567	44,229	13,90,250	4,42,985	12,038	615.8
25-Nov-19	607.00	623.00	607.00	620.95	8,29,182	18,921	5,12,097	4,51,205	12,074	617.6
22-Nov-19	612.95	619.00	609.00	611.10	8,19,210	23,874	5,03,591	4,44,049	11,914	614.7
21-Nov-19	612.10	617.55	607.65	610.60	8,37,443	20,379	5,13,385	4,43,585	11,968	613.0
20-Nov-19	610.00	619.00	608.30	611.60	6,93,915	16,524	4,19,677	4,44,412	11,999	613.6
19-Nov-19	612.75	617.35	607.15	609.65	8,61,204	18,884	5,20,330	4,42,995	11,940	611.3
18-Nov-19	622.20	625.65	611.00	612.70	9,29,243	36,817	5,72,081	4,45,212	11,885	615.6
15-Nov-19	616.90	627.25	614.00	624.50	7,85,063	21,735	4,67,984	4,53,788	11,895	621.6
14-Nov-19	619.00	622.35	611.75	618.45	8,67,227	32,881	5,35,319	4,49,390	11,872	617.3
13-Nov-19	627.90	634.00	617.90	620.15	6,87,275	24,684	4,29,268	4,50,625	11,840	624.6
11-Nov-19	632.00	638.70	623.35	627.00	6,56,830	18,295	4,13,395	4,55,603	11,913	629.4
08-Nov-19	647.10	649.25	627.85	633.05	11,90,123	31,083	7,60,855	4,59,999	11,908	639.3
07-Nov-19	641.95	649.95	636.00	648.70	15,21,095	32,752	9,80,450	4,71,371	12,012	644.6
06-Nov-19	626.55	642.45	623.50	639.70	12,82,547	31,272	8,14,768	4,64,831	11,966	635.3
05-Nov-19	635.00	637.00	625.00	628.80	8,96,428	45,624	5,64,671	4,56,910	11,917	629.9
04-Nov-19	637.00	644.40	627.75	636.40	13,15,012	35,253	8,37,855	4,62,433	11,941	637.1
01-Nov-19	628.85	639.50	625.55	637.00	19,78,384	54,852	12,56,072	4,62,869	11,891	634.9
31-Oct-19	615.00	629.20	610.70	624.95	11,11,478	27,077	6,90,641	4,54,113	11,877	621.4
30-Oct-19	625.30	625.35	609.10	612.00	10,86,890	48,687	6,67,607	4,44,703	11,844	614.2
29-Oct-19	629.25	631.25	612.30	618.10	10,29,850	45,711	6,38,208	4,47,682	11,787	619.7
27-Oct-19	631.00	635.00	627.00	629.20	1,13,856	2,895	71,711	4,57,201	11,627	629.8
26-Oct-19	603.30	636.90	603.30	627.20	31,14,733	63,510	19,49,670	4,55,748	11,584	626.0
24-Oct-19	621.50	624.80	606.20	608.95	15,17,923	44,574	9,30,819	4,42,487	11,583	613.2
23-Oct-19	610.00	621.50	609.70	620.05	9,60,332	25,345	5,93,437	4,50,552	11,604	618.0
22-Oct-19	634.90	644.30	606.65	612.15	22,96,738	50,325	14,30,449	4,44,812	11,588	622.8
18-Oct-19	632.40	644.80	631.80	635.20	14,61,351	23,630	9,34,024	4,61,561	11,662	639.2
17-Oct-19	628.50	637.10	625.15	635.45	13,28,903	29,158	8,38,466	4,61,743	11,586	630.9
16-Oct-19	616.30	625.55	616.30	626.25	13,42,068	38,668	8,39,074	4,55,058	11,464	625.2
15-Oct-19	617.00	625.00	616.95	618.40	14,12,617	45,636	8,76,331	4,49,353	11,428	620.4
14-Oct-19	613.10	622.15	611.30	616.65	10,68,802	22,546	6,58,423	4,48,082	11,341	616.0
11-Oct-19	615.25	621.00	603.00	609.30	11,94,736	30,274	7,30,118	4,42,741	11,305	611.1
10-Oct-19	622.30	631.55	611.75	615.15	12,61,320	30,088	7,84,159	4,46,992	11,235	621.7
09-Oct-19	617.30	625.80	612.70	621.50	10,45,125	27,174	6,48,156	4,51,606	11,313	620.2
07-Oct-19	618.00	628.30	612.30	617.30	9,09,608	20,340	5,64,507	4,48,554	11,126	620.6
04-Oct-19	627.00	634.35	614.05	616.60	14,64,250	49,083	9,11,505	4,48,045	11,175	622.5
03-Oct-19	638.10	638.10	617.75	620.55	16,26,483	36,770	10,14,360	4,50,916	11,314	623.7
01-Oct-19	667.10	667.75	635.30	643.95	11,20,197	26,840	7,26,021	4,67,919	11,360	648.1
30-Sep-19	664.60	671.15	662.20	667.00	9,44,609	34,746	6,30,208	4,84,688	11,474	667.2
27-Sep-19	670.95	674.00	659.10	664.30	12,38,356	37,529	8,28,025	4,82,706	11,512	668.6
26-Sep-19	654.00	674.00	652.90	670.95	19,34,513	54,011	12,93,247	4,87,538	11,571	668.5
25-Sep-19	651.10	659.00	647.25	650.80	29,05,402	62,046	18,92,882	4,72,897	11,440	651.5
24-Sep-19	655.00	655.40	645.15	650.25	17,66,379	67,075	11,47,493	4,72,497	11,588	649.6
23-Sep-19	636.00	664.40	632.10	648.50	33,45,282	74,430	21,89,120	4,71,225	11,600	654.4
20-Sep-19	598.75	630.45	596.25	623.95	24,96,887	57,875	15,50,740	4,53,386	11,274	621.1
19-Sep-19	603.95	609.45	594.00	600.30	11,33,162	39,899	6,81,619	4,36,201	10,705	601.6
18-Sep-19	601.40	607.00	600.50	603.55	9,17,920	29,013	5,53,871	4,38,563	10,841	603.4
17-Sep-19	610.15	613.25	593.85	599.10	14,66,817	44,481	8,82,583	4,35,329	10,818	601.7
16-Sep-19	612.00	614.95	606.85	609.80	10,22,438	30,885	6,24,273	4,43,104	11,004	610.6
13-Sep-19	616.70	617.10	606.45	616.00	7,35,238	30,726	4,50,119	4,47,609	11,076	612.2
12-Sep-19	616.80	626.00	611.85	614.00	11,80,191	38,013	7,32,730	4,46,155	10,983	620.9
11-Sep-19	619.05	622.80	613.50	616.75	12,84,170	53,689	7,93,452	4,48,154	11,036	617.9
09-Sep-19	609.10	618.85	607.70	617.25	8,65,233	30,503	5,32,279	4,48,518	11,003	615.2
06-Sep-19	607.50	612.05	602.10	609.10	8,29,805	15,322	5,04,120	4,42,595	10,946	607.5
05-Sep-19	610.00	613.80	599.80	606.50	13,09,834	31,101	7,04,293	4,40,706	10,848	606.4
04-Sep-19	621.30	622.85	605.55	612.85	15,90,757	50,089	9,76,778	4,45,321	10,845	614.0
03-Sep-19	625.30	636.00	617.70	621.30	21,93,190	57,301	13,78,522	4,51,461	10,798	628.5
30-Aug-19	618.05	632.40	614.45	628.25	31,45,927	82,604	19,61,135	4,58,511	11,023	623.4
Average										624.1

(Source: Capitaline)



Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

Working Note 2 – Valuation of USL as per Comparable Companies' Multiples (CCM) method

Currency: INR mn	Notes	Value
EV/ EBITDA multiple (Refer Working Note 2.1)		29.6
TTM September 2019 standalone EBITDA of USL	1	14,700.0
Value		4,34,401.2
Add: Capital work-in-progress (including capital advances)		1,337.0
Add: Deferred tax asset (50% of book value)		816.5
Enterprise Value		4,36,554.7
Add: Investments and Surplus assets	2	33,789.2
Add: (Net Debt)/ Net Cash	3	(24,302.0)
Equity Value		4,46,041.9
No. of equity shares (in million)		726.6
Value per equity share (INR)		613.8

Notes:

1. We have computed the Trailing Twelve Months (TTM) September 2019 EBITDA as follows: [FY19 EBITDA (+) EBITDA for six months ended 30 September 2019 (-) EBITDA for six months ended 30 September 2018]. (Source: Management, Annual Report, Quarterly Results)
2. PDL has been valued based on comparable companies' multiples approach (refer Working Note 4). Royal Challengers Sports Private Limited ("RCSPL"), a wholly owned subsidiary of USL, has been valued considering EV/EBITDA multiples of global listed companies owning sports teams. Non-operating subsidiaries of USL have been valued considering net asset value method based on the balance sheet as at 30 September 2019 adjusted for any write-offs for loans given by USL. Hip Bar Private Limited, an associate company of USL, has been valued at cost of investment. USL Benefit Trust, which holds 2.4% stake in USL has been valued basis the value per equity share arrived at above. Other surplus assets have been considered at fair value provided by USL which is based on the valuation reports of external valuer (or/and) provided to us by the management and USL's internal analysis.
3. (Net debt) / Net cash computed as: cash and cash-like items (-) gross debt (current and non-current borrowings and other debt-like items)



Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

Working Note 2.1: Computation of EV/EBITDA multiple of comparable companies for USL

We have considered comparable companies classified under Food products, Beverages, Tobacco industry (Source: www.capitaliq.com) listed in India which would broadly reflect the risk and opportunities of USL. We have further shortlisted the companies based on the following parameters:

- Companies having Enterprise Value greater than INR 50,000.0 million
- Sufficient trading volume

In addition to above selected listed comparable companies, for CCM method, we have also considered announced comparable transaction of GlaxoSmithKline Consumer Healthcare Limited ("GSK CH India") proposing to merge into Hindustan Unilever Limited ("HUL") (subject to obtaining necessary approvals).

Company (Currency INR mn)	Market Capitalization ¹	Net Debt/ (Net Cash) ²	Enterprise Value	TTM Sep-19 EBITDA ³	EV / EBITDA
ITC Limited	30,72,991.8	(348,315.9)	27,24,676.0	1,93,391.8	14.1
Britannia Industries Limited	7,28,864.7	(16,373.7)	7,12,491.0	17,551.7	40.6
Nestlé India Limited	13,43,030.5	(42,928.3)	13,00,102.2	27,439.3	47.4
Zydus Wellness Limited	95,010.0	13,223.8	1,08,234.6	2,760.1	39.2
Tata Global Beverages Limited	1,78,495.8	(5,495.4)	1,73,000.4	8,699.4	19.9
United Breweries Limited	3,39,765.0	(89.2)	3,39,675.8	9,417.1	36.1
VST Industries Limited	60,061.8	(6,180.4)	53,881.4	3,801.3	14.2
GSK CH India – HUL transaction					25.0
Average					29.6

(Source: Capitaline /Annual Report/ Quarterly Results/MergerMarket)

Notes:

1. Market capitalisation is based on average of daily VWAP for three months ended 29 November 2019 on respective stock exchange where the volumes were high. (Source: Capitaline)
2. Net debt / (Net cash) is computed as: gross debt (current and non-current borrowings and other debt-like items) (-) cash and cash-like items (-) current, non-current investments and other surplus assets (-) capital work-in-progress (including capital advances) (-) 50% of net deferred tax assets (+) non-controlling interest as per latest annual report. There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as of different dates.
3. We have computed the Trailing Twelve Months (TTM) September 2019 EBITDA as follows: [FY19 EBITDA (+) EBITDA for six months ended 30 September 2019 (-) EBITDA for six months ended 30 September 2018]. (Source: Annual Report, Quarterly Results)



Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

Working Note – Valuation of USL as per Net Asset Value method (based on the unaudited consolidated balance sheet as at 30 September 2019)

<i>Currency: INR mn</i>	Value	Value
Net block of fixed assets		19,397.0
Capital work in progress		1,567.0
Goodwill on consolidation		493.0
Investments		237.0
Assets held for sale		75.0
Government grant		1,085.0
Current assets		
Inventories	20,546.0	
Sundry debtors	25,762.0	
Cash and bank balances	1,197.0	
Loans & Advances	359.0	
Other current assets	21,631.0	
	69,495.0	
Current liabilities & provisions		
Trade Payables	13,934.0	
Current liabilities	13,655.9	
Provisions	4,442.0	
	32,031.9	
Net current assets (NCA)		37,463.1
Deferred tax asset		1,500.0
Loan funds		27,828.1
Non-controlling interest		(290.0)
Net worth		34,279.0
No of equity shares (in million)		726.6
Value per equity share (INR)		47.2



Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

Working Note 3 –

Computation of market price of PDL based on average of daily volume weighted average price for three months ended 29 November 2019

Date	Price-Open (INR)	Price-High (INR)	Price-Low (INR)	Last Price (INR)	Volume	No. of Trades	Net Turnover ('000)	Market Cap (INR mn)	NSE Close	Wt.Avg. Price (INR)
29-Nov-19	138.00	139.65	130.65	132.95	7,312	215	973	1,780	12,056	133.1
28-Nov-19	133.30	139.15	133.30	137.50	9,924	478	1,366	1,841	12,151	137.6
27-Nov-19	132.05	135.00	129.00	132.55	3,609	248	477	1,775	12,101	132.1
26-Nov-19	131.00	132.35	128.70	129.65	3,031	149	394	1,736	12,038	130.1
25-Nov-19	127.20	132.00	127.20	130.85	2,494	155	325	1,752	12,074	130.1
22-Nov-19	131.75	131.80	126.15	128.40	2,515	289	324	1,719	11,914	128.7
21-Nov-19	128.00	131.80	125.30	129.40	2,456	69	316	1,733	11,988	128.8
20-Nov-19	132.10	132.10	127.75	129.00	6,391	241	630	1,727	11,999	129.9
19-Nov-19	135.00	139.05	131.10	132.15	15,770	328	2,110	1,770	11,940	133.8
18-Nov-19	134.00	138.90	134.00	137.60	1,344	104	184	1,843	11,885	137.3
15-Nov-19	142.40	142.40	135.10	136.75	4,195	195	576	1,831	11,895	137.4
14-Nov-19	140.90	145.50	138.00	140.90	3,391	179	482	1,887	11,872	142.1
13-Nov-19	144.00	147.10	139.10	142.10	8,463	426	1,227	1,903	11,840	144.9
11-Nov-19	139.80	144.00	135.00	142.25	5,591	303	781	1,905	11,913	138.7
08-Nov-19	140.50	144.40	138.50	138.65	10,813	345	1,536	1,870	11,908	142.0
07-Nov-19	137.30	142.25	133.30	140.90	17,242	623	2,389	1,887	12,012	138.6
06-Nov-19	129.80	136.70	128.90	136.70	16,515	451	2,223	1,830	11,966	134.6
05-Nov-19	128.05	132.35	127.20	130.20	5,713	240	744	1,743	11,917	130.3
04-Nov-19	129.25	133.70	127.80	128.70	4,661	275	604	1,723	11,941	129.6
01-Nov-19	129.65	132.35	128.05	130.90	3,683	328	479	1,753	11,891	130.0
31-Oct-19	128.60	131.00	128.60	130.40	2,879	107	375	1,746	11,877	130.1
30-Oct-19	129.35	129.50	127.40	128.25	6,820	155	875	1,717	11,844	128.3
29-Oct-19	129.10	131.85	127.70	130.10	4,416	286	574	1,742	11,787	130.0
27-Oct-19	127.00	130.00	127.00	129.75	486	24	63	1,737	11,627	129.2
25-Oct-19	132.85	132.85	125.20	126.30	4,197	364	535	1,691	11,584	127.6
24-Oct-19	133.00	133.00	127.00	129.40	3,505	433	467	1,733	11,583	130.3
23-Oct-19	133.00	133.40	130.00	130.40	4,575	269	602	1,746	11,604	131.5
22-Oct-19	135.00	135.00	130.00	130.50	69,219	220	9,133	1,747	11,588	131.9
18-Oct-19	133.00	135.70	131.10	134.60	13,095	445	1,747	1,802	11,662	133.4
17-Oct-19	126.50	132.80	126.10	129.25	4,833	348	627	1,731	11,586	129.7
16-Oct-19	127.05	129.30	125.30	127.70	5,143	381	654	1,710	11,464	127.2
15-Oct-19	127.95	129.90	124.25	127.20	2,566	320	327	1,703	11,428	127.3
14-Oct-19	127.30	131.50	127.10	128.80	3,890	219	500	1,725	11,341	128.6
11-Oct-19	134.50	137.05	127.45	127.70	8,829	372	1,151	1,710	11,305	130.3
10-Oct-19	138.35	138.35	133.00	134.15	6,121	200	829	1,796	11,235	135.4
09-Oct-19	140.00	140.00	136.00	138.35	7,759	176	1,071	1,853	11,313	136.1
07-Oct-19	147.00	148.50	136.95	140.00	20,893	496	3,008	1,875	11,126	144.0
04-Oct-19	145.00	149.65	136.15	142.10	27,346	466	3,940	1,903	11,175	144.1
03-Oct-19	139.00	158.50	134.00	142.75	61,272	1,603	8,973	1,911	11,314	146.4
01-Oct-19	157.00	159.95	145.20	145.20	30,077	534	4,459	1,944	11,380	148.2
30-Sep-19	175.00	175.00	161.10	161.30	85,401	1,434	14,108	2,160	11,474	165.2
27-Sep-19	166.00	187.05	162.30	179.00	9,09,678	13,956	1,63,870	2,397	11,512	180.1
26-Sep-19	137.90	155.90	134.50	155.90	1,03,391	2,579	15,096	2,088	11,571	146.0
25-Sep-19	125.50	131.10	121.40	129.95	21,545	365	2,742	1,740	11,440	127.3
24-Sep-19	125.10	133.20	125.10	127.40	7,546	318	979	1,706	11,588	129.7
23-Sep-19	118.55	131.90	118.55	128.25	10,335	228	1,314	1,717	11,600	127.1
20-Sep-19	115.00	126.40	113.60	121.70	4,182	150	513	1,630	11,274	122.6
19-Sep-19	118.50	121.80	118.00	119.15	2,431	62	290	1,595	10,705	119.4
18-Sep-19	120.85	120.85	114.10	118.10	3,343	165	389	1,581	10,841	116.5
17-Sep-19	123.65	125.00	112.50	117.20	6,867	267	817	1,569	10,818	119.0
16-Sep-19	113.00	134.40	113.00	123.65	12,375	436	1,545	1,656	11,004	124.8
13-Sep-19	119.35	119.35	114.55	116.35	951	34	111	1,558	11,076	116.6
12-Sep-19	115.50	120.00	114.00	116.80	5,017	127	593	1,564	10,983	118.1
11-Sep-19	111.80	117.00	110.00	114.65	2,003	77	227	1,535	11,036	113.5
09-Sep-19	114.00	114.55	112.00	112.85	1,022	91	115	1,511	11,003	112.7
08-Sep-19	113.70	116.00	108.25	114.00	4,865	174	549	1,527	10,946	112.8
05-Sep-19	115.00	115.00	110.10	111.55	25,497	624	2,871	1,494	10,848	112.6
04-Sep-19	111.45	111.45	108.60	108.60	1,248	38	136	1,454	10,845	108.7
03-Sep-19	109.15	113.70	107.45	110.65	3,013	145	331	1,482	10,798	109.9
30-Aug-19	111.50	111.50	107.00	110.50	3,202	47	348	1,480	11,023	108.8
Average										130.9

(Source: Capitaline)



Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

Working Note 4 – Valuation of PDL as per Comparable Companies' Multiples (CCM) method

<i>Currency: INR mn</i>	Notes	Value
EV/ EBITDA multiple	1	16.0
Present value factor	2	0.78
Adjusted EV/EBITDA multiple		12.5
Board Approved Normative EBITDA of PDL in FY22	3	412.0
Value		5,162.4
Add: Capital work-in-progress		10.1
Add: Deferred tax asset	4	190.0
Less: Additional capex requirement	3	(134.0)
Enterprise Value		5,228.5
Add: Surplus Assets	5	1,288.9
Add: (Net Debt)/ Net Cash	6	(4,756.1)
Equity Value		1,761.3
No. of equity shares (in million)		13.4
Value per equity share (INR)		131.6

Notes:

1. Refer Working Note 4.1
2. Board has approved the normalized EBITDA for FY22 which has been considered for valuation of PDL. Hence, the multiple of the comparable companies have been discounted to 1 December 2019 basis the Weighted Average Cost of Capital of PDL as per Capital Asset Pricing Model.
3. PDL has undertaken capacity expansion during FY17 and FY18 in its plant at Dharmabad, Nanded. However, as informed to us, due to technical issues faced in the plant, the plant has been operating at a lower capacity utilisation of ~60%. PDL's Board has approved further capex of about INR 134 mn from 1 July 2019 to 30 June 2020 towards undertaking corrective measures and to achieve the Board approved normative EBITDA in FY22. Further, the entire capex is expected to be incurred from 1 October 2019 to 30 June 2020. Hence, such incremental capital expenditure has been reduced from the enterprise value of PDL.
4. The book value of deferred tax asset/liability as at 30 September 2019 is nil. Deferred tax asset has been computed on 50% of brought forward business losses and unabsorbed depreciation considering that a market participant shall be able to utilize the same.
5. The surplus assets comprise of net present value of grant receivable from Government and advances paid for acquiring land. The Management has informed us that the advances paid towards the land can be considered as fair value of land.
6. (Net debt) / Net cash computed as: cash and cash-like items (-) gross debt (current and non-current borrowings and other debt-like items)



Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

Working Note 4.1: Computation of EV/EBITDA multiple of comparable companies

We have considered comparable companies classified under Brewers, Distilleries, Vintners industry (Source: www.capitaliq.com) listed in India which would broadly reflect the risk and opportunities of PDL. We have further shortlisted the companies based on the following parameters:

- USL being the holding company and a key customer of PDL
- Companies having enterprise value greater than INR 1,000.0 million
- Companies with no brand or non-market leading brands
- Sufficient trading volume
- Profit making at EBITDA level

Company (Currency INR mn)	Market Capitalization ¹	Net Debt/ (Net Cash) ²	Enterprise Value	TTM Sep-19 EBITDA ³	EV / EBITDA	Weights (%) ⁴
United Spirits Limited	4,53,463.3	19,802.1	4,73,265.5	15,571.2	30.4	40.0
Associated Alcohols & Breweries Limited	3,588.7	281.7	3,870.3	494.3	7.8	12.0
G.M. Breweries Limited	7,132.3	(3,067.6)	4,064.8	1,027.9	4.0	12.0
Globus Spirits Limited	3,705.9	2,288.5	5,994.4	1,010.5	5.9	12.0
IFB Agro Industries Limited	3,727.7	(1,314.3)	2,413.4	318.5	7.6	12.0
Som Distilleries & Breweries Limited	3,761.1	(250.0)	3,511.1	544.0	6.5	12.0
Weighted Average					16.0	100.0

(Source: Capitaline /Annual Report/ Quarterly Results)

Notes:

1. Market capitalisation is based on average of daily VWP for three months ended 29 November 2019 on respective stock exchange where the volumes were high. (Source: Capitaline)
2. Net debt / (Net cash) is computed as: gross debt (current and non-current borrowings and other debt-like items) (-) cash and cash-like items (-) current, non-current investments and other surplus assets (-) capital work-in-progress (including capital advances) (-) 50% of net deferred tax assets (+) non-controlling interest as per latest annual report (except for USL for which balance sheet as at 30 September 2019 along with schedules have been provided to us by the Management). There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as of different dates
3. We have computed the Trailing Twelve Months (TTM) September 2019 EBITDA as follows: [FY19 EBITDA (+) EBITDA for six months ended 30 September 2019 (-) EBITDA for six months ended 30 September 2018]. (Source: Management of USL, Annual Report, Quarterly Results)
4. We have assigned 40% weightage to USL, being holding company of PDL as well as a single largest customer of PDL and remaining 60% weightage equally to the other comparable companies.



Supplement to our report dated 02 December 2019 titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited"

Working Note- Valuation of PDL as per Net Asset Value method (based on the balance sheet as at 30 September 2019)

Currency: INR mn		
	Value	Value
Net block of fixed assets		2,169.9
Capital work in progress		10.1
Government grant		1,084.5
Capital advances (land)		204.4
Current assets		
Inventories	671.6	
Sundry debtors	4.7	
Cash and bank balances	4.1	
Loans & Advances	6.1	
Other current assets	218.9	
	905.4	
Current liabilities & provisions		
Trade payables	143.5	
Trade payables from USL	811.5	
Current liabilities	39.2	
Provisions	53.0	
	1,047.1	
Net current assets (NCA)		(141.7)
Loan funds		
Unsecured loans	2,486.8	
Loans from USL	2,273.4	4,760.2
Net worth		(1,433.0)
No of equity shares (in million)		13.4
Value per equity share (INR)		0.0

* Since the value per equity share is negative, it is considered at zero and not shown in the table above



23 January 2020

The Board of Directors
United Spirits Limited
UB Tower,
No. 24, Vittal Mallya Road,
Bengaluru - 560 001
Karnataka, India

The Board of Directors
Pioneer Distilleries Limited
Level 10, UB Tower,
No. 24, Vittal Mallya Road,
Bengaluru - 560 001
Karnataka, India

Dear Sir/Madam,

Re: Addendum to our report dated 2 December 2019 on recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

We refer to our report titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited" ("Proposed Merger") dated 2 December 2019 ("the Report") and BSE email dated 26 December 2019 received by United Spirits Limited ("USL") and Pioneer Distilleries Limited ("PDL") respectively.

We refer to the table on the computation of fair exchange ratio, page 10 of the Report.

Based on the remarks provided by BSE, we are reproducing the Computation of Fair Share Exchange Ratio table below by (i) reiterating the reasons for not using specific methods of valuation as a footnote to the table which has been mentioned in section "APPROACH – BASIS OF MERGER" of the Report, and (ii) including '1' against USL's column. The table hereon can be read as follows:

<<intentionally left blank>>



Computation of Fair Share Exchange Ratio

Valuation Approach	USL		PDL	
	Value per equity share (INR)	Weight	Value per equity share (INR)	Weight
Market Approach				
- Market Price Method	624.1	50%	130.9	50%
- Comparable Companies' Multiples Method	613.8	50%	131.6	50%
Income Approach - Discounted Cashflows Method	NA	NA	NA	NA
Asset Approach – Net Asset Value method	47.2	NA	0.0*	NA
Relative Value per Equity Share	618.9		131.2	
Fair Exchange Ratio (Rounded)	1		4.7	

*Since the value per equity share is negative, it is considered at zero and not shown in the table above.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommended in the Report the following fair exchange ratio for the Proposed Merger of PDL into USL:

10 (Ten) equity shares of USL of INR 2/- each fully paid up for every 47 (Forty-Seven) equity shares of PDL of INR 10/- each fully paid up.

Note:

Reasons for not considering certain methods are detailed below:

Asset Approach – Net Asset Value method

We have computed value as per NAV method but have not considered the same for valuation exercise, considering that, this valuation approach is mainly used in case where the entity is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. Further, both USL and PDL meets the going concern criteria and asset base do not dominate earnings capability.

<<intentionally left blank>>



Income Approach – Discounted Cash Flow method

We were not provided with the projections for PDL and USL by the management of PDL and USL, hence we have not considered the Discounted Cash Flow method.

No amendments other than those stated above have been made to the Report previously shared with you.

Respectfully submitted,

S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/ E300003



Ravi Bansal

Partner

Membership No: 049365

UDIN: 20049365AAAAAA1690

Date: 23 January 2020

Place: Mumbai



03 February 2020

The Board of Directors
United Spirits Limited
UB Tower,
No. 24, Vittal Mallya Road,
Bengaluru - 560 001
Karnataka, India

The Board of Directors
Pioneer Distilleries Limited
Level 10, UB Tower,
No. 24, Vittal Mallya Road,
Bengaluru - 560 001
Karnataka, India

Dear Sir/Madam,

Re: Addendum to our report dated 2 December 2019 on recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited

We refer to our report titled "Recommendation of fair exchange ratio for the proposed merger of Pioneer Distilleries Limited into United Spirits Limited" ("Proposed Merger") dated 2 December 2019 ("the Report") and BSE emails dated 26 December 2019 and 28 January 2020 received by both United Spirits Limited ("USL") and Pioneer Distilleries Limited ("PDL").

We refer to the table on the computation of fair exchange ratio, page 10 of the Report.

Based on the remarks provided by BSE, we are reproducing the Computation of Fair Share Exchange Ratio table below by (i) reiterating the reasons for not using specific methods of valuation as a footnote to the table which has been mentioned in section "APPROACH – BASIS OF MERGER" of the Report, and (ii) including '1' against USL's column. The table hereon can be read as follows:



<<intentionally left blank>>

Computation of Fair Share Exchange Ratio

Valuation Approach	USL		PDL	
	Value per equity share (INR)	Weight	Value per equity share (INR)	Weight
Market Approach				
- Market Price Method	624.1	50%	130.9	50%
- Comparable Companies' Multiples Method	613.8	50%	131.6	50%
Income Approach - Discounted Cashflows Method[#]	NA	NA	NA	NA
Asset Approach – Net Asset Value method[*]	47.2	NA	0.0 [^]	NA
Relative Value per Equity Share	618.9		131.2	
Fair Exchange Ratio (Rounded)	1		4.7	

[#] We were not provided with the projections for PDL and USL by the management of PDL and USL, hence we have not considered the Discounted Cash Flow method.

^{*} We have computed value as per NAV method but have not considered the same for valuation exercise, considering that, this valuation approach is mainly used in case where the entity is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. Further, both USL and PDL meets the going concern criteria and asset base do not dominate earnings capability.

[^] Since the value per equity share is negative, it is considered at zero and not shown in the table above.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommended in the Report the following fair exchange ratio for the Proposed Merger of PDL into USL:

10 (Ten) equity shares of USL of INR 2/- each fully paid up for every 47 (Forty-Seven) equity shares of PDL of INR 10/- each fully paid up.

No amendments other than those stated above have been made to the Report previously shared with you.

Respectfully submitted,

S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/ E300003


Ravi Bansal
Partner
Membership No: 049365
UDIN: 20049365AAAAAE8850
Date: 03 February 2020
Place: Mumbai





STRICTLY PRIVATE & CONFIDENTIAL

December 02, 2019

**The Board of Directors
United Spirits Limited**
UB Tower, # 24,
Vittal Mallya Road,
Bangalore - 560 001

Dear Sir(s) / Madam(s),

Re: Fairness Opinion on the Fair Exchange Ratio Report issued by S R B C & Co LLP, Chartered Accountants, in connection with the Scheme of Amalgamation and Arrangement (the 'Scheme') for proposed amalgamation of Pioneer Distilleries Limited ('Transferor Company' or 'PDL') with United Spirits Limited ('Transferee Company' or 'USL') (hereinafter collectively referred to as the 'Companies').

1 BACKGROUND

- 1.1 Pantomath Capital Advisors Private Limited ("Pantomath" or "we" or "us") is a Category I Merchant Banker registered with the Securities Exchange Board of India ("SEBI"). Pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (earlier SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015) we have been requested by the Management of USL to issue a fairness opinion on Fair Exchange Ratio Report issued by S R B C & Co LLP, Chartered Accountants, for the recommendation of Fair Exchange Ratio for the proposed amalgamation of the Transferor Company with the Transferee Company.
- 1.2 The Transferee Company and the Transferor Company are desirous of amalgamating the Transferor Company as a going concern with the Transferee Company in accordance with Sections 230 to 232 and/or other applicable provisions of the Act.
- 1.3 Pursuant to the Scheme, the equity shares held by the Transferee Company in the Transferor Company shall stand cancelled as an integral part of the Scheme and no equity shares of the Transferee Company shall be allotted in respect of such equity shares.
- 1.4 As a consideration for the proposed amalgamation, equity shareholders of Pioneer Distilleries Limited are proposed to be allotted equity shares of face value of INR 2 each fully paid up of United Spirits Limited.
- 1.5 In this regard, we have been requested by the management of USL to issue a Fairness Opinion on Fair Exchange Ratio for the proposed amalgamation of the Transferor Company with the Transferee Company as determined by S R B C & Co LLP, Chartered Accountants in their Fair Exchange Ratio Report.

Progress with Values...

Pantomath Capital Advisors Private Limited (SEBI Registered Category-I Merchant Bankers)

Regd. Office: 406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

Email: info@pantomathgroup.com

Website: www.pantomathgroup.com | **CIN:** U74120MH2013PTC248061 | **Tel:** 022-6194 6700/724 | **Fax:** 022-26598690

Page 1 of 5



2 BACKGROUND OF THE COMPANIES

2.1 Pioneer Distilleries Limited

The Transferor Company, a public limited company incorporated on November 25, 1992 under the Companies Act, 1956, with corporate identification number L24116KA1992PLC125992, has its registered office situated at UB Tower, Level- 10, # 24, Vittal Mallya Road, Bangalore - 560 001. The equity shares of the Transferor Company are listed on the BSE Limited and National Stock Exchange of India Limited. PDL operates as a subsidiary of USL.

The Transferor Company is inter alia engaged in the manufacturing and selling portable/beverage alcohol, spirits, and related products in India. PDL's products include extra neutral alcohol (ENA), absolute alcohol, malt and rectified spirit, special denatured spirit, distillers dry and wet grain soluble, carbon-di-oxide dry ice, molasses based ENA, and cattle feed.

2.2 United Spirits Limited

The Transferee Company, a public limited company incorporated on March 31, 1999 under the Companies Act, 1956 with corporate identification number L01551KA1999PLC024991, has its registered office situated at UB Tower, # 24, Vittal Mallya Road, Bangalore- 560 001. The equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited. USL operates as a subsidiary of Diageo plc.

The Transferee Company is engaged in the business of distilling, rectifying and blending of spirits, and production of ethyl alcohol from fermented material. USL's alcoholic beverages include Scotch whisky, Indian made foreign liquor whisky, brandy, rum, vodka and gin. USL primarily owns McDowell's No.1, Royal Challenge, Signature, Antiquity, Black Dog, Director's Special Black, McDowell's Rum, and McDowell's Brandy, Bagpiper, Old Tavern, and Haywards brands. It also manufactures, imports, and sells Diageo's brands, such as Captain Morgan, Johnnie Walker, J&B, Baileys, Talisker, VAT 69, Black & White, Smirnoff, and Ciroc. In addition, USL's subsidiary holds the right to the Bangalore Franchise of the Board of Control for Cricket in India – Indian Premier League.

- 2.3 In order to simplify the corporate structure, realize business efficiencies, optimize cashflows and for uninterrupted operations of the Transferor Company's plant, it is proposed by the management of the Companies to amalgamate PDL with USL.

3 SOURCE OF INFORMATION

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

3.1 Pioneer Distilleries Limited

- 3.1.1 Unaudited financial statements for the half year ended September 30, 2019 and September 30, 2018;
- 3.1.2 Audited financial statements for the year ended March 31, 2019 and March 31, 2018;
- 3.1.3 Shareholding pattern as at September 30, 2019;
- 3.1.4 PDL's Board approved Revenue and EBITDA considering normative level of business operation, capex required to be incurred to achieve normative level of business operation and year in which normative profits are expected to be achieved;



- 3.1.5 Details of contingent liabilities as at 30 September 2019 and confirmation that there is no material change in contingent liabilities from 30 September 2019 till report date;
- 3.1.6 Other relevant information.

3.2 United Spirits Limited

- 3.2.1 Unaudited financial statements of USL (standalone and consolidated) for the half year ended September 30, 2019 and September 30, 2018;
- 3.2.2 Unaudited financial statements of Royal Challengers Sports Private Limited, a wholly owned subsidiary of USL for the half year ended September 30, 2019 and September 30, 2018;
- 3.2.3 Audited financial statements of USL and its subsidiaries for the year ended March 31, 2019 and March 31, 2018;
- 3.2.4 Shareholding pattern as at September 30, 2019;
- 3.2.5 Details of contingent liabilities as at 30 September 2019 and confirmation that there is no material change in contingent liabilities from 30 September 2019 till report date;
- 3.2.6 Other relevant information.

- 3.3 Fair Exchange Ratio Report issued by S R B C & Co LLP, Chartered Accountants, dated December 02, 2019;
- 3.4 Draft Scheme of Amalgamation and Arrangement under section 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013;
- 3.5 Publicly available market data, key trends and valuation multiples of comparable companies/comparable transactions;
- 3.6 Other relevant information and documents for the purpose of this engagement including the management representations.

4 **VALUER'S RECOMMENDATION**

- 4.1 As stated and elaborated in the Fair Exchange Ratio Report by S R B C & Co LLP, the fair exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches / methods explained in the Fair Exchange Ratio Report and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations.
- 4.2 On consideration of all the relevant factors and circumstances as discussed and outlined in the Fair Exchange Ratio Report, following is the exchange ratio for the proposed amalgamation of the Transferor Company with the Transferee Company:

10 (Ten) equity shares of USL of INR 2/- each fully paid up for every 47 (Forty-Seven) equity shares of PDL of INR 10/- each fully paid up.



5 RATIONALE AND CONCLUSION

In the circumstances, having regard to the relevant factors and on the basis of information and explanations given to us, in our view, the proposed Fair Exchange Ratio as recommended by S R B C & Co LLP, Chartered Accountants, which forms the basis for the proposed amalgamation, appears to be fair and reasonable.

Pantomath has issued the Fairness Opinion with the understanding that Draft Scheme shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme alters the transaction.

6 EXCLUSIONS AND LIMITATIONS

- 6.1 We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the management of the Companies for the purpose of this opinion without carrying out any audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of Transferee Company and Transferor Company.
- 6.2 We have solely relied upon the information provided to us by the management of the Companies. We have not reviewed any books or records of Transferee Company and Transferor Company.
- 6.3 We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of Transferee Company and Transferor Company and neither express any opinion with respect thereto nor accept any responsibility therefor.
- 6.4 We have not made any independent valuation or appraisal of the assets or liabilities of Transferee Company and Transferor Company. In particular we do not express any opinion as to the value of assets of Transferee Company and Transferor Company, whether at current market prices or in future.
- 6.5 We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by the management of the Companies for the purpose of this opinion.
- 6.6 We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of Transferee Company and Transferor Company with respect to these matters. In addition, we have assumed that the Draft Scheme of Amalgamation and Arrangement will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Amalgamation and Arrangement.
- 6.7 We understand that the managements of the Companies during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion.
- 6.8 Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and



on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving Transferee Company and Transferor Company or any of its assets, nor did we negotiate with any other party in this regard.

- 6.9 It is understood that this opinion is solely for the benefit of confidential use by the Board of Directors of the Transferee Company and the Transferor Company for the purpose of facilitating companies to comply with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (earlier Circular CIR/CID/CMD/16/2015 dated November 30, 2015) issued by SEBI; disclosures to be made to relevant regulatory authorities including stock exchanges, SEBI, National Company Law Tribunal or as required under applicable law and it shall not be valid for any other purpose. This opinion is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.
- 6.10 The fee for our service is not contingent upon the results of the proposed arrangement. This opinion is subject to the laws of India.
- 6.11 We express no opinion whatever and make no recommendation at all as to Transferee Company's and Transferor Company's underlying decision to effect to the proposed amalgamation or as to how the holders of equity shares or secured or unsecured creditors of Transferee Company and Transferor Company should vote at their respective meetings held in connection with the proposed Scheme of Amalgamation and Arrangement. We do not express and should not be deemed to have expressed any views on any other terms of the proposed Scheme of Amalgamation and Arrangement. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of Transferee Company and Transferor Company will trade following the announcement of the proposed Scheme of Amalgamation and Arrangement or as to the financial performance of Transferee Company and Transferor Company following the completion of the proposed Scheme of Amalgamation and Arrangement.
- 6.12 In no circumstances however, will Pantomath or its associates, directors or employees accept any responsibility or liability to any third party.

Truly Yours,



Saloni Surana
Manager



Pantomath Capital Advisors Private Limited
SEBI Registered Category – I Merchant Bankers
Registration No. MB/INM000012110

**Saffron Capital Advisors Private Limited**

605, Sixth Floor, Centre Point, Andheri Kurla Road,
J. B. Nagar, Andheri (East), Mumbai - 400 059.
Tel.: +91 4082 0912 / Fax: +91 4082 0999
Email : info@saffronadvisor.com
Website: www.saffronadvisor.com
CIN No. U67120MH2007PTC166711

Date: December 2, 2019

To,
The Board of Directors
Pioneer Distilleries Limited
Level 10, UB Tower,
No. 24, Vittal Mallya Road,
Bengaluru - 560 001
Karnataka, India

Dear Members of the board,

1. Engagement Background

We Understand that the Board of Directors of Pioneer Distilleries Limited ("Transferor Company" or the "Transferor Company") and United Spirits Limited ("Transferee Company" or the "Transferee Company") are contemplating the amalgamation of the Transferor Company with the Transferee Company ("Amalgamation") under a Scheme of Amalgamation and Arrangement under the provisions of Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013. As a consideration for this Proposed Merger, equity shareholders of Transferor Company would be issued equity shares of Transferee Company in lieu of their shareholding in Transferor Company.

The broad terms and conditions of the proposed mergers are more fully set out in the draft scheme document shared with us on December 1, 2019, the final version of which will be filed by the aforementioned companies with the appropriate authorities.

We understand that the Valuation as well as the swap ratio thereof is based on the Valuation Certificate dated December 02, 2019 issued by S R B C & CO LLP, Chartered Accountants (ICAI Firm Registration Number: 324982E/ E300003), signed by Ravi Bansal, Partner (Membership No: 049365) ("Valuer").

We, Saffron Capital Advisors Private Limited, a SEBI registered Category-I Merchant Banker, have been engaged by Transferor Company to give a fairness opinion ("Opinion") on Valuation Certificate dated December 02, 2019 issued by the valuer.

2. Background of the companies and Rationale

The Transferor Company, a public limited company incorporated on November 25, 1992 under the Companies Act, 1956, with corporate identification number L24116KA1992PLC125992, has its registered office situated at UB Tower, Level- 10, # 24, Vittal Mallya Road, Bangalore - 560 001. The equity shares of the Transferor Company are listed on the BSE Limited and National Stock Exchange of



1 of 7 | Page

India Limited ("Stock Exchanges"). Transferor Company manufactures and sells portable/beverage alcohol, spirits, and related products in India. Its products include extra neutral alcohol (ENA), absolute alcohol, malt and rectified spirit, special denatured spirit, distillers dry and wet grain soluble, carbon-di-oxide dry ice, molasses based ENA, and cattle feed.

The Transferee Company, a public limited company incorporated on March 31, 1999 under the Companies Act, 1956 with corporate identification number L01551KA1999PLC024991, has its registered office situated at UB Tower, # 24, Vittal Mallya Road, Bangalore - 560 001. The equity shares of the Transferee Company are listed on the Stock Exchanges. The Transferee Company is engaged in the business of distilling, rectifying and blending of spirits, and production of ethyl alcohol from fermented material. In addition, the company through its subsidiary holds the right to the Bangalore Franchise of the Board of Control for Cricket in India – Indian Premier League.

The Transferor Company is a subsidiary of the Transferee Company. 75% of the paid up equity share capital of the Transferor Company is directly held by the Transferee Company. Balance equity share capital is held by other shareholders.

The Amalgamation of the Transferor Company with the Transferee Company is sought to be undertaken to achieve the following:

- (a) simplification of the corporate structure and consolidation of the group's business;
- (b) 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;
- (c) overcoming limitations on raising capital for the Transferor Company, ensuring improved allocation of capital and optimum cash flows contributing to better utilisation of capacity and the overall growth of the combined entity;
- (d) creation of a larger asset base and facilitation of access to better financial resources;
- (e) savings on compliance / interest costs;
- (f) uninterrupted operations of the Transferor Company's plant in order to stabilize its business;
- (g) integration of the Transferor Company's operations with the Transferee Company resulting in benefits arising out of the synergies, especially since the Transferee Company is in the same line of business as the Transferor Company;
- (h) enhanced shareholder value pursuant to economies of scale and business efficiencies.



3. Key Features of the Scheme of Amalgamation and Arrangement

The key features of the scheme provided to us through Draft Scheme Document are as under:

- a) The scheme provides for issuance of shares by Transferee Company to all the equity shareholders holding fully paid up equity shares of the Transferor Company, whose names appear in the register of members of the Transferor Company and / or whose names appear as the beneficial owner of the shares of the Transferor Company in the records of the depository, (except to the Transferee Company itself) as on the Record Date, to be fixed for the purpose of reckoning names of the equity shareholders the Transferor Company ("Transferor Company Shareholders").

The equity shares held by the Transferee Company in the Transferor Company shall stand cancelled as an integral part of the Scheme and no equity shares of the Transferee Company shall be allotted in respect of such equity shares. The 62,400 forfeited shares of the Transferor Company shall stand extinguished and cancelled and an amount of Rs 3,12,000 shall be transferred to the head 'Capital Reserve' in the financial statement of the Transferee Company.

- b) In case any equity shareholder of the Transferor Company owns shares in the **Transferor** Company, such that it becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such member but shall instead, at its absolute discretion, decide to take any or a combination of the following actions:
 - i. consolidate such fractions and issue consolidated shares to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements;
 - ii. round off all fractional entitlements to the next whole number above the fractional entitlement and issue such number of additional equity shares to the relevant shareholders; or
 - iii. deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the Transferor Company Shareholders and the Transferee Company.



- c) The Board of Directors of the Transferee Company and the Transferor Company shall, if and to the extent required, apply for and obtain any approvals from all appropriate Governmental Authorities for the issue and allotment of equity shares
- d) Equity shares to be issued by the Transferee Company to the Transferor Company Shareholders shall, subject to the receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges, where the shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Laws for complying with the formalities of the said Stock Exchanges. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated Stock Exchange.

We have relied upon the draft scheme Document and taken the aforementioned key features (together with the other facts and assumptions set forth therein) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

4. Exclusions and Limitations

Our opinion and analysis is limited to the extent of review of the valuation report by the valuer and the Draft scheme document. In connection with the opinion, we have

- a) Reviewed the Draft Scheme Document and the valuation report by the valuer dated December 02, 2019.
- b) Reviewed audited financials for Transferee Company and Transferor Company for the year ended March 31, 2019.
- c) Reviewed Unaudited financial statements for Transferee Company and Transferor Company for six months ended 30 September 2019.
- d) Held discussions with the valuer, in relation to the approach taken to valuation and the details of various methodologies utilized by them in preparing the valuation report and recommendations.
- e) Sought various clarifications with the respective senior management teams of Transferor Company and Transferee Company.
- f) Reviewed historical stock prices and trading volumes of Transferor Company and Transferee Company.
- g) Reviewed such other information and explanations that we have sought and which have been provided by the management of Transferor Company and Transferee Company.

This opinion is intended only for the sole use and information of Transferor Company and in connection with the Scheme, including for the purpose of obtaining judicial and regulatory approvals for the Scheme as also for the purpose of complying with the SEBI regulations and requirement of stock exchanges on which the company is listed, and for no other purpose. We are not responsible in any



way to any person/party/statutory authority for any decision of such person or party or authority based on this opinion. Any person/party intending to provide finance or invest in the shares/business of either Transferor Company and/or Transferee Company or their subsidiaries /joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

For the purpose of this assignment, Saffron has relied on the Valuation Certificate for the proposed "Scheme of Amalgamation and Arrangement" of Transferor Company and Transferee Company and their respective shareholders and information and explanation provided to it, the accuracy whereof has not been evaluated by Saffron. Saffron's work does not constitute certification or due diligence of any past working results and Saffron has relied upon the information provided to it as set out in working results of the aforesaid reports.

Saffron has not carried out any physical verification of the assets and liabilities of the companies and takes no responsibility on the identification and availability of such assets and liabilities.

We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders of Transferor Company and to the Stock Exchanges and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed Scheme of Amalgamation and Arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

The information contained in this report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The report has been prepared solely for the purpose of giving a fairness opinion on Valuation Certificate issued for the proposed Scheme of Amalgamation and Arrangement between Transferor Company and Transferee Company and their respective shareholders, and may not be applicable or referred to or quoted in any other context.

Our opinion is dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment does not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to this date.



One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover in this case where the shares of the company are being issued as consideration to the shareholders of Transferor Company, it is not the absolute valuation that is important for framing an opinion but the relative valuation of the company vis-a-vis shares of Transferor Company.

We have assumed that the Final Scheme will not differ in any material respect from the Draft Scheme Document shared with us.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme on Transferor Company, Transferee Company and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which Transferor Company, Transferee Company and/or their associates/ subsidiaries, are or may be a party.

The company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter thereto.



5. Conclusion

Based on and subject to the foregoing, we are of the opinion that the share issuance ratio as arrived at in the valuation report i.e. "10 (Ten) equity shares of USL of INR 2/- each fully paid up for every 47 (Forty-Seven) equity shares of PDL of INR 10/- each fully paid up" is fair to the shareholders of Transferor Company from the financial point of view. Further the valuation of Transferor Company and Transferee Company as detailed by the valuer is fair.

For Saffron Capital Advisors Private Limited,


Sakshi Gupta
Head-Valuation



Annexure 6

Pre-Scheme and Expected Post-Scheme Shareholding Pattern of the Companies as on June 30, 2021

S. No.	Description	Transferor Company (PDL)			Transferee Company (USL)					
		Pre-Scheme			Pre-Scheme			Expected Post-Scheme		
		No. of share-holder(s)	No. of Shares	%	No. of share-holder(s)	No. of Shares	%	No. of share-holder(s)	No. of Shares	%
(A)	Shareholding of Promoter and Promoter Group									
1	Indian									
(a)	Individuals/Hindu Undivided Family	0	0	0.00	1	62,550	0.01	1	62,550	0.01
(b)	Central Government /State Government (s)	0	0	0.00	0	0	0.00	0	0	0.00
(c)	Bodies Corporate*	1	10,041,150	75.00*	3	5,900,805	0.81	3	5,900,805	0.81
(d)	Financial Institutions / Banks	0	0	0.00	0	0	0.00	0	0	0.00
(e)	Any other	0	0	0.00	0	0	0.00	0	0	0.00
	Sub-Total (A)(1)	1	10,041,150	75.00	4	5,963,355	0.82	4	5,963,355	0.82
(2)	Foreign									
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0.00	0	0	0.00	0	0	0.00
(b)	Bodies Corporate	0	0	0.00	0	0	0.00	0	0	0.00
(c)	Institutions	0	0	0.00	0	0	0.00	0	0	0.00
(d)	Qualified Foreign Investor	0	0	0.00	0	0	0.00	0	0	0.00
(e)	Any Other	0	0	0.00	1	406,447,245	55.94	1	406,447,245	55.88
	Sub-Total (A)(2)	0	0	0.00	1	406,447,245	55.94	1	406,447,245	55.88
	Total Shareholding of Promoter and Promoter Group A=(A)(1) + (A)(2)	1	10,041,150	75.00	5	412,410,600	56.76	5	412,410,600	56.70
(B)	Public shareholding									
(1)	Institutions									
(a)	Mutual Funds/UTI	0	0	0.00	135	41,581,584	5.72	135	41,581,584	5.72
(b)	Financial Institutions/Banks	1	70	0.00	25	79,584	0.01	26	79,598	0.01
(c)	Central Government/State Government(s)	0	0	0.00	2	12,549,150	1.73	2	12,549,150	1.72
(d)	Venture Capital Funds	0	0	0.00	0	0	0.00	0	0	0.00
(e)	Insurance Companies	0	0	0.00	23	14,977,716	2.06	23	14,977,716	2.06
(f)	Foreign Portfolio Investors/FIIs	1	84,685	0.63	485	137,895,128	18.98	486	137,913,146	18.96
(g)	Foreign Venture Capital Investors	0	0	0.00	0	0	0.00	0	0	0.00
(h)	Qualified Foreign Investors	0	0	0.00	0	0	0.00	0	0	0.00
(i)	Alternate Investment Funds	0	0	0.00	10	1,286,388	0.18	10	1,286,388	0.18
(j)	Provident Funds/ Pension Funds	0	0	0.00	13	1,758,433	0.24	13	1,758,433	0.24
(k)	Any Other	0	0	0.00	0	0	0.00	0	0	0.00
	Sub-Total (B)(1)	2	84,755	0.63	693	210,127,983	28.92	695	210,146,015	28.89
(2)	Non-institutions									
(a)	Bodies Corporate	42	315,496	2.35	1,492	12,204,869	1.68	1,523	12,271,980	1.69
(b)	Individuals									
i	Individual Shareholders holding nominal share capital up to Rs. 2 Lakh	4,632	1,390,959	10.39	180,876	46,344,866	6.38	184,816	46,751,605	6.43
ii	Individual Shareholders holding nominal share capital in excess of Rs. 2 Lakh	14	529,758	3.96	46	22,408,454	3.08	46	22,408,454	3.08
(c)	Qualified Foreign Investor-Corporate	0	0	0.00	0	0	0.00	0	0	0.00
(d)	Clearing Member	35	42,822	0.32	266	319,168	0.04	299	328,261	0.05
(e)	Trust	0	0	0.00	21	17792748	2.45	21	17,792,748	2.45
(f)	Non-Resident Individuals	165	849,689	6.35	0	0	0.00	161	180,682	0.02
(g)	Unclaimed Suspense or Escrow Account	0	0	0.00	1	1,651,335	0.23	1	1,651,335	0.23
(h)	LLP	0	0	0.00	6	5,161	0.00	6	5,161	0.00
(i)	Foreign Bodies Corporate	1	100,000	0.75	0	0	0.00	1	21,276	0.00
(j)	Foreign National	0	0	0.00	4	1,266	0.00	4	1,266	0.00
(k)	IEPF Authority	1	33,571	0.25	1	3,372,265	0.46	1	3,379,407	0.46
(l)	Trust relating to Merger	0	0	0.00	0	0	0.00	1	2,063	0.00
	Sub-Total (B)(2)	4,890	3,262,295	24.37	182,713	104,100,132	14.32	186,880	104,794,238	14.41
	Total Public Shareholding B=(B) (1)+ (B)(2)	4,892	3,347,050	25.00	183,406	314,228,115	43.24	187,575	314,940,253	43.30
	Total (A)+(B)	4,893	13,388,200	100.00	183,411	726,638,715	100.00	187,580	727,350,853	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0.00	0	0	0.00	0	0	0.00
(2)	Public	0	0	0.00	0	0	0.00	0	0	0.00
	GRAND TOTAL (A) + (B) + (C)	4,893	13,388,200	100.00	183,411	726,638,715	100.00	187,580	727,350,853	100.00

* The Transferee Company holds 75% of the shareholding in the Transferor Company. The equity shares held by the Transferee Company in the Transferor Company shall stand cancelled as an integral part of the Scheme and no equity shares of the Transferee Company shall be allotted in respect of such equity shares.

Notes:

- The above shareholding pattern (pre and post-Scheme) is as of June 30, 2021. The actual number of shareholders may change depending on the position as on the Record Date (as defined in the Scheme). The same is also subject to adjustment for fractional entitlements.
- The Transferor Company will stand dissolved without winding up in accordance with the Scheme. Therefore, there will not be any post-Scheme shareholding pattern of the Transferor Company.

DIAGEO
INDIA

United Spirits Limited

Registered Office:
UB Tower
#24 Vittal Mallya Road
Bengaluru 560 001
Tel: +91 80 2221 0705
Fax: +91 80 3985 6862
www.diageoindia.com

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed scheme of amalgamation and arrangement amongst Pioneer Distilleries Limited and United Spirits Limited ("Company")

In connection with the above application, we hereby confirm that:

- a) The proposed scheme of amalgamation/ arrangement/~~merger/reconstruction/~~ reduction of capital etc. to be presented to ~~any Court or Tribunal~~ does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, Securities Contract (Regulations) Rules, 1957, RBI Act, The Depositories Act, 1996, the Companies Act, 1956 / Companies Act, 2013, the rules, regulations and guidelines made under these Acts, the provisions as explained in Regulation 11 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and the requirements of SEBI circulars and BSE Limited.
- b) In the explanatory statement to be forwarded by the Company to the shareholders under section 230 to 232 of the Companies Act, 2013 accompanying a proposed resolution to be passed u/s 66 of the Companies Act, 2013, the Company shall disclose:
 - i) the pre and post-arrangement or amalgamation (expected) capital structure and shareholding pattern;
 - ii) the "fairness opinion" obtained from an Independent merchant banker on valuation of assets / shares done by the valuer for the companies;
 - iii) Information about unlisted companies involved in the scheme as per the format provided for abridged prospectus of the SEBI ICDR Regulations, if applicable;
 - iv) The complaint report as per Annexure III; and
 - v) The observation letter issued by the stock exchanges.
- c) The draft scheme of amalgamation/ arrangement together with all documents mentioned in Para I(A)(7)(a) of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, has been disseminated on Company's website as per website link given hereunder: www.diageoindia.com/investors/proposed-usl-pdl-merger
- d) The Company shall disclose the observation letter of the stock exchange on its website within 24 hours of receiving the same.
- e) The Company shall obtain shareholders' approval by way of special resolution passed through e-voting. Further, the Company shall proceed with the draft scheme only if the vote cast by the public shareholders in favor of the proposal is more than the number of votes cast by public shareholders against it



- f) The documents filed by the Company with the Exchange are same/ similar/ identical in all respect, which have been filled by the Company with Registrar of Companies/SEBI/Reserve Bank of India, wherever applicable.
- g) There will be no alteration in the Share Capital of the ~~unlisted~~ transferor company from the one given in the draft scheme of amalgamation/ arrangement. No unlisted company is involved in this scheme.
- h) Except as disclosed below, none of the promoters or directors of the companies involved in the scheme is a fugitive economic offender or a wilful defaulter.

Disclosures:

- i. Set out in Annexure I of this letter is a disclosure in relation to the status of certain members of the UB Group (as defined in Annexure I) who continue to be identified as promoters of the Company for historical reasons; and
- ii. Set out in Annexure II of this letter is a disclosure in relation to an ongoing dispute between the Company and IDBI Bank, including in relation to the inclusion of the Company and its directors in the list of defaulters as part of the Reserve Bank of India's database on non-suit filed accounts. For the avoidance of doubt, neither the Company nor any of its directors have been declared as a wilful defaulter by any bank or financial institution.

Subject to receiving the relevant observation letters / no-objection letters from the stock exchanges and the necessary directions from the National Company Law Tribunal, we hereby undertake to disclose the contents of Annexure I and Annexure II as part of the explanatory statement to be enclosed with the relevant notice convening any meeting of the members of the Company to approve the proposed scheme of amalgamation and arrangement.

Date: December 20, 2019

V Ramachandran
EVP & Company Secretary



575

Annexure – I

The Company is a subsidiary of and controlled by Diageo plc ("**Diageo**"), which through its indirect wholly owned subsidiary, Relay B.V., currently has a shareholding of 55.24% in the Company. For historical reasons, Dr. Vijay Mallya, United Breweries (Holdings) Limited ("**UBHL**") and certain affiliates of Dr. Mallya and UBHL (Dr. Mallya, UBHL and such affiliates collectively, the "**UB Group**") have continued to be identified as promoters of the Company even after Diageo acquired control over the Company. As per the beneficiary position details made available by the depositories to the Company and the disclosures made by certain UB Group members, the aggregate shareholding of the UB Group in the promoter / promoter group category of the Company is currently only 1.52% of the total subscribed equity share capital of the Company. Also, while the UB Group members continue to be identified as promoters of the Company on account of their historical association with the Company, they do not exercise any control, whether directly or indirectly, over the affairs of the Company. Further, none of the UB Group members have any representation on the Company's board of directors, either by themselves or through any of their nominees.

The Company understands from the public database of wilful defaulters maintained by certain credit information companies that two members of the UB Group, i.e., Dr. Mallya and UBHL, have been declared as wilful defaulters in their capacity as directors / guarantors in connection with certain borrowings of Kingfisher Airlines Limited. The Company is also aware that Dr. Mallya has been declared as a "fugitive economic offender" under the Fugitive Economic Offenders Act, 2018. For the avoidance of doubt, the declaration of Dr. Mallya and UBHL as wilful defaulters and the declaration of Dr. Mallya as a fugitive economic offender have no connection whatsoever with any of the borrowings of the Company. The Company continues to borrow from multiple lenders and currently has a long-term credit rating of AA+ and a short-term rating of A1+. Further, none of the Company, any of its directors or any of the Diageo group entities (including Relay B.V.) have been declared either as a wilful defaulter or as a fugitive economic offender.

The Company is also aware of certain orders issued by SEBI, pursuant to which Dr. Mallya has been restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever either directly or indirectly, as well as restrained from holding position as a director or a key managerial person of any listed company. Further, the Company also understands that the shares of Kingfisher Airlines Limited and UBHL have been compulsorily delisted by the stock exchanges pursuant to the provisions of Chapter V of the SEBI (Delisting of Equity Shares) Regulations, 2009. However, such restraint orders against Dr. Mallya as well as the compulsory delisting of the shares of Kingfisher Airlines Limited and UBHL do not apply to or restrain the Company. As mentioned above, the Company is controlled by, and is a subsidiary of, Diageo.



Annexure – II

During the year ended March 31, 2014, the Company decided to prepay a term loan taken from IDBI Bank Limited (the "Bank") which was secured by certain property, plant and equipment and brands of the Company as well as by a pledge of certain shares of the Company held by the USL Benefit Trust (of which the Company is the sole beneficiary). The amount of such security/pledge as per the audited financial statements of the Company for the Financial Year ended March 31, 2019 stood at INR 3,540 million.

The Company deposited a sum of INR 6,280 million, including prepayment penalty of INR 40 million, with the Bank as full prepayment of the outstanding term loan, in June 2013 and instructed the Bank to debit the amount from its cash credit account towards settlement of the loan and release the assets and shares pledged by the Company. The Bank, however, disputed the prepayment, following which the Company filed a writ petition in November 2013 before the Hon'ble High Court of Karnataka challenging the actions of the Bank.

In February 2016, following the original maturity date of the loan, the Company received a notice from the Bank seeking to recall the loan and demanding an additional sum of INR 459 million on account of outstanding principal, accrued interest and other amounts as also further interest till the date of settlement. This notice was challenged by the Company by way of a separate application filed in the pending writ proceedings. The Hon'ble High Court of Karnataka, by an order passed in the said application, directed that subject to the Company depositing INR 459 million with the Bank in a suspense account, the Bank should not deal with any of the secured assets including the shares pledged until disposal of the writ petition. The Company deposited the full amount, and the Bank was restrained from dealing with any of the secured assets and pledged shares. The above amount deposited by the Company with the Bank is treated as a Deposit forming a part of 'Other Financial Assets' in the audited financial statements for the Financial Year ended March 31, 2019.

In June 2019, a single judge bench of the Hon'ble High Court of Karnataka issued an order dismissing the writ petition filed by the Company. The Company disputed the order and filed an appeal against such order before a division bench of the Hon'ble High Court of Karnataka, which has since reinstated the interim order in the writ petition, thereby granting a stay on the disposal of the secured assets of the Company by the Bank. At the last hearing the interim order was continued until the next hearing and the appeal is currently pending admission. Accordingly, the secured assets and the pledged shares continue to be secured/ pledged with the Bank.

Notwithstanding the full repayment of the loan by the Company, the Bank continues to show the loan as being in 'default', as a result of which the names of the Company and its directors continue to be shown in the list of defaulters as part of the Reserve Bank of India's database on non-suit filed accounts. The Company denies that any amount is due to the Bank, and the Company's audited financial statements do not recognise any loan which is outstanding to the Bank. The Company is taking steps to challenge such classification on the part of the Bank. For the avoidance of doubt, as mentioned above, neither the Company nor any of its directors have been declared as a wilful defaulter by any bank or financial institution.



United Spirits Limited

Registered Office:
UB Tower
#24 Vittal Mallya Road
Bengaluru 560 001

Tel: +91 80 2221 0705
Fax: +91 80 2224 5253
www.diageoindia.com

December 20, 2019

To,
Manager - Listing Compliance
National Stock Exchange of India
Limited 'Exchange Plaza', C-1,
Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400051

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed scheme of amalgamation and arrangement amongst Pioneer Distilleries Limited and United Spirits Limited

In connection with the above application, we hereby confirm that except as disclosed below:

1. United Spirits Limited (the "Company"), its promoters or its directors have never been declared as wilful defaulters as per RBI Circular Ref. No. RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16 dated July 1, 2015 by the banks.
2. The Company, its promoters or its directors have not been directly or indirectly, debarred from accessing the capital market or have been restrained by any regulatory authority from, directly or indirectly, acquiring the said securities.
3. The Company, its promoters or its directors do not have direct or indirect relation with the companies, its promoters and whole-time directors, which are compulsorily delisted by any recognised stock exchange.

Disclosures:

- (a) Set out in Annexure I of this letter is a disclosure in relation to the status of certain members of the UB Group (as defined in Annexure I) who continue to be identified as promoters of the Company for historical reasons; and
- (b) Set out in Annexure II of this letter is a disclosure in relation to an ongoing dispute between the Company and IDBI Bank, including in relation to the inclusion of the Company and its directors in the list of defaulters as part of the Reserve Bank of India's database on non-suit filed accounts. For the avoidance of doubt, neither the Company nor any of its directors have been declared as a wilful defaulter by any bank or financial institution.

Subject to receiving the relevant observation letters / no-objection letters from the stock exchanges and the necessary directions from the National Company Law Tribunal, we hereby undertake to disclose the contents of Annexure I and Annexure II as part of the explanatory statement to be enclosed with the relevant notice convening any meeting of the members of the Company to approve the proposed scheme of amalgamation and arrangement.

For United Spirits Limited


V Ramachandran
EVP and Company Secretary



Annexure – I

The Company is a subsidiary of and controlled by Diageo plc (“**Diageo**”), which through its indirect wholly owned subsidiary, Relay B.V., currently has a shareholding of 55.24% in the Company. For historical reasons, Dr. Vijay Mallya, United Breweries (Holdings) Limited (“**UBHL**”) and certain affiliates of Dr. Mallya and UBHL (Dr. Mallya, UBHL and such affiliates collectively, the “**UB Group**”) have continued to be identified as promoters of the Company even after Diageo acquired control over the Company. As per the beneficiary position details made available by the depositories to the Company and the disclosures made by certain UB Group members, the aggregate shareholding of the UB Group in the promoter / promoter group category of the Company is currently only 1.52% of the total subscribed equity share capital of the Company. Also, while the UB Group members continue to be identified as promoters of the Company on account of their historical association with the Company, they do not exercise any control, whether directly or indirectly, over the affairs of the Company. Further, none of the UB Group members have any representation on the Company’s board of directors, either by themselves or through any of their nominees.

The Company understands from the public database of wilful defaulters maintained by certain credit information companies that two members of the UB Group, i.e., Dr. Mallya and UBHL, have been declared as wilful defaulters in their capacity as directors / guarantors in connection with certain borrowings of Kingfisher Airlines Limited. The Company is also aware that Dr. Mallya has been declared as a “fugitive economic offender” under the Fugitive Economic Offenders Act, 2018. For the avoidance of doubt, the declaration of Dr. Mallya and UBHL as wilful defaulters and the declaration of Dr. Mallya as a fugitive economic offender have no connection whatsoever with any of the borrowings of the Company. The Company continues to borrow from multiple lenders and currently has a long-term credit rating of AA+ and a short-term rating of A1+. Further, none of the Company, any of its directors or any of the Diageo group entities (including Relay B.V.) have been declared either as a wilful defaulter or as a fugitive economic offender.

The Company is also aware of certain orders issued by SEBI, pursuant to which Dr. Mallya has been restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever either directly or indirectly, as well as restrained from holding position as a director or a key managerial person of any listed company. Further, the Company also understands that the shares of Kingfisher Airlines Limited and UBHL have been compulsorily delisted by the stock exchanges pursuant to the provisions of Chapter V of the SEBI (Delisting of Equity Shares) Regulations, 2009. However, such restraint orders against Dr. Mallya as well as the compulsory delisting of the shares of Kingfisher Airlines Limited and UBHL do not apply to or restrain the Company. As mentioned above, the Company is controlled by, and is a subsidiary of, Diageo.



Annexure – II

During the year ended March 31, 2014, the Company decided to prepay a term loan taken from IDBI Bank Limited (the “Bank”) which was secured by certain property, plant and equipment and brands of the Company as well as by a pledge of certain shares of the Company held by the USL Benefit Trust (of which the Company is the sole beneficiary). The amount of such security/pledge as per the audited financial statements of the Company for the Financial Year ended March 31, 2019 stood at INR 3,540 million.

The Company deposited a sum of INR 6,280 million, including prepayment penalty of INR 40 million, with the Bank as full prepayment of the outstanding term loan, in June 2013 and instructed the Bank to debit the amount from its cash credit account towards settlement of the loan and release the assets and shares pledged by the Company. The Bank, however, disputed the prepayment, following which the Company filed a writ petition in November 2013 before the Hon'ble High Court of Karnataka challenging the actions of the Bank.

In February 2016, following the original maturity date of the loan, the Company received a notice from the Bank seeking to recall the loan and demanding an additional sum of INR 459 million on account of outstanding principal, accrued interest and other amounts as also further interest till the date of settlement. This notice was challenged by the Company by way of a separate application filed in the pending writ proceedings. The Hon'ble High Court of Karnataka, by an order passed in the said application, directed that subject to the Company depositing INR 459 million with the Bank in a suspense account, the Bank should not deal with any of the secured assets including the shares pledged until disposal of the writ petition. The Company deposited the full amount, and the Bank was restrained from dealing with any of the secured assets and pledged shares. The above amount deposited by the Company with the Bank is treated as a Deposit forming a part of ‘Other Financial Assets’ in the audited financial statements for the Financial Year ended March 31, 2019.

In June 2019, a single judge bench of the Hon'ble High Court of Karnataka issued an order dismissing the writ petition filed by the Company. The Company disputed the order and filed an appeal against such order before a division bench of the Hon'ble High Court of Karnataka, which has since reinstated the interim order in the writ petition, thereby granting a stay on the disposal of the secured assets of the Company by the Bank. At the last hearing the interim order was continued until the next hearing and the appeal is currently pending admission. Accordingly, the secured assets and the pledged shares continue to be secured/pledged with the Bank.

Notwithstanding the full repayment of the loan by the Company, the Bank continues to show the loan as being in ‘default’, as a result of which the names of the Company and its directors continue to be shown in the list of defaulters as part of the Reserve Bank of India’s database on non-suit filed accounts. The Company denies that any amount is due to the Bank, and the Company’s audited financial statements do not recognise any loan which is outstanding to the Bank. The Company is taking steps to challenge such classification on the part of the Bank. For the avoidance of doubt, as mentioned above, neither the Company nor any of its directors have been declared as a wilful defaulter by any bank or financial institution.



February 4, 2020

To,
Mr. Mehul Vasaiya
Deputy Manager,
National Stock Exchange of India Ltd.,
Mumbai – 400 061

Dear Sir,

Subject: Response to your letter dated January 29, 2020

Ref: NSE/LIST/22715

This is with reference to your letter dated January 29, 2020 seeking further clarifications on our application for Scheme of Amalgamation and Arrangement Amongst Pioneer Distilleries Limited and United Spirits Limited. Our responses are provided below:

1. *As per telephonic conversation kindly make requisite changes in Annexure 1 submitted by the Company along with write-up on cases related to UB Group.*

Response – This particular matter was referred to in Annexure I to Item 11(a). The combined response is given in Para 2 below.

2. *United Breweries (Holdings) Limited, Kingfisher Finvest India Limited and Dr. Vijay Mallya (jointly called 'entities') were part of promoter of Kingfisher Airlines Limited and the Company Kingfisher Airlines Limited has got Compulsory Delisting by the exchange, as the above given entities is also part of promoter and promoter group of United Spirits Limited (Company involved in the Scheme) hence kindly confirm how the entities are under the compliance of Reg. 24 of SEBI (Delisting of Equity Shares) Regulations, 2009.*

Response – The Company is aware of certain orders issued by SEBI, pursuant to which Dr. Mallya has been restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever either directly or indirectly, as well as restrained from holding position as a director or a key managerial person of any listed company. Further, the Company also understands that the shares of UBHL have been delisted pursuant to liquidation and the shares of Kingfisher Airlines Limited have been compulsorily delisted by the stock exchanges pursuant to the provisions of Chapter V of the SEBI (Delisting of Equity Shares) Regulations, 2009. The respective orders of winding up in case of both UBHL and Kingfisher Airlines were passed by the High Court prior to their delisting. Accordingly, such restraint orders against Dr. Mallya as well as the compulsory delisting of the shares of Kingfisher Airlines Limited and delisting of shares of UBHL pursuant to liquidation do not apply to or restrain the Company as regulation 24 of the SEBI (Delisting of Equity Shares) Regulation 2009 is not applicable in this case. As mentioned in Annexure I to Item 11(a), the Company is controlled by, and is a subsidiary of, Diageo.




3. Kindly provide unpaid dues report as per SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2019/192 Dated September 12, 2019.

Response – The same has been already provided. However, we once again provide the declaration in the said format and enclosed as Annexure – 1.

Kindly accept the above and provide us with necessary approvals.

Thanking you,

For United Spirits Limited


V Ramachandran
EVP & Company Secretary



Enclosed as above

United Spirits Limited

Registered Office:
UB Tower
#24 Vittal Mallya Road
Bengaluru 560 001
Tel: +91 80 2221 0705
Fax: +91 80 3985 6862
www.diageoindia.com

REPORT ON UNPAID DUES

Sr. No.	Particulars	Details of dues/fine	Amount	Reason for non-payment
1	Pending Dues of SEBI	Nil	Nil	Nil
2	Pending Dues of Stock Exchanges	Nil	Nil	Nil
3	Pending Dues of Depositories	Nil	Nil	Nil

* To the best of our knowledge, information and belief, we do not have any unpaid dues to SEBI/Stock exchanges/depositories.

For United Spirits Limited


V Ramachandran
EVP & Company Secretary



February 4, 2020



ANNEXURE 27

Extract of the responses dated 4 May 2020 (BSE) and 8 May 2020 (NSE) given by the Applicant No. 2 / Transferor Company to the stock exchanges**[Note: References to the term “Company” below are references to the Applicant No. 2 / Transferor Company]**

Please note that the Company is a subsidiary of and controlled by Diageo plc (**Diageo**), through its indirect wholly owned subsidiary, Relay B.V. However, even after Diageo acquired control over the Company, for historical reasons, certain entities such as United Breweries (Holdings) Limited (**UBHL**) and Kingfisher Finvest India Limited (**KFIL**) (whose name appears in SEBI's ATR database) have continued to be identified as promoters of the Company. As per the beneficiary position details made available by the depositories to the Company and the disclosures made by certain UB Group members, the aggregate shareholding of the UB Group in the promoter / promoter group category of the Company is currently only 0.82% of the total subscribed equity share capital of the Company. Also, while the UB Group members continue to be identified as promoters of the Company on account of their historical association with the Company, they do not exercise any control, whether directly or indirectly, over the affairs of the Company. Further, none of the UB Group members have any representation on the Company's board of directors, either by themselves or through any of their nominees.

KFIL currently holds no shares in the Company. Also, while KFIL continues to be identified as a promoter of the Company (on account of such historical association), it does not exercise any control, whether directly or indirectly, over the affairs of the Company. This being the case, the Company does not know the status or have any details of the investigation against KFIL mentioned in SEBI's ATR database. As per the latest publicly available information KFIL is owned and controlled by UBHL, which is in turn controlled by Mr. Vijay Mallya and entities controlled by him, and neither the Company, its subsidiary Pioneer Distilleries Limited or any other Diageo controlled entities have any interest in the affairs of KFIL or UBHL, and therefore have no information relating to KFIL or UBHL.

Having said that, based on a review of publicly available information, we understand that SEBI had initiated an investigation in 2015 in relation to the trading activities of certain entities (including KFIL) in the shares of the Company. SEBI passed an adjudication order no. RA/JP/ 16-17/2015 dated November 27, 2015 (attached as **Annexure I**) against KFIL and UBHL. The order directed UBHL to pay a penalty of Rs. 15,00,000 in relation to violations under Regulations 31(1), 31(2) read with 31(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 for failure to make disclosures regarding certain pledge transactions involving the shares of the Company. The order did not direct the imposition of any penalties on KFIL. Subsequently, on appeal by UBHL, the Securities Appellate Tribunal passed an order (attached as **Annexure II**) dismissing the appeal. There does not appear to be any further details relating to this matter in the public domain. We wish to clarify that the Company was not a party to the proceedings either before SEBI or before the Securities Appellate Tribunal. Accordingly, we have no further information in relation to those proceedings, including as to whether or not the penalty ordered by SEBI was paid.

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. RA/JP/ 16-17/2015]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

In respect of:

1. United Breweries (Holding) Ltd. (PAN-AAACU2307D)
2. Kingfisher Finvest India Ltd. (PAN- AABCV9224B)

(In the matter of United Spirits Ltd.)

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') during the course of investigation in the trading activities of certain entities in the shares of United Spirits Ltd. (**USL**) had observed that the (1) United Breweries (Holdings) Ltd. (**UBHL**) and (2) Kingfisher Finvest India Ltd. (**KFIL**) (hereinafter referred to as "**the Noticee No. 1 - 2 or UBHL/ KFIL**" respectively or both may be called as '**the Noticees**' collectively) have failed to make disclosures regarding creation/ invocation / release of certain pledge transactions and thereby allegedly violated regulation 31 (1), 31(2) read with 31 (3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as '**SAST Regulations**').

APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI initiated adjudication proceedings and appointed the undersigned as Adjudicating Officer under section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the '**SEBI Act**') read with rule 3 of the

SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') vide order dated April 24, 2015, to inquire into and adjudge under section 15 A (b) of the SEBI Act for the violation of aforesaid provisions of the SAST Regulations; and communication of order appointing the undersigned as Adjudicating Officer was forwarded vide communiqué dated August 05, 2015.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. E&AO/RA/JP/22157/2015 dated August 06, 2015 (hereinafter referred to as "**SCN**") was served upon the Noticees under rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed upon them under sections 15 A (b) of the SEBI Act for the alleged violation of regulation 31 (1), 31(2) read with 31 (3) of the SAST Regulations. The observations made under the investigation and the facts / allegations as levelled in the SCN against the Noticees are mentioned hereunder.

(a) The price of the scrip of USL was observed to have increased from ₹ 491.15 at BSE and ₹ 491.90 at NSE on December 30, 2011 and touched a high of ₹ 2149 at BSE and ₹ 2150 at NSE on November 29, 2012. The case was taken up *suomoto* for investigation by Investigation Department of SEBI for any possible violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations 2003 etc. in the trading/dealing in shares of USL during the period January 2, 2012 to November 30, 2012 (investigation period).

(b) During the course of investigation, it was *inter-alia* observed that the Noticees who are the promoter entities of USL, had undertaken 15 and 2 pledge transactions respectively with regards to some of their USL shareholding during investigation period. Details of pledge transactions and

date-wise summary of pledge transactions undertaken by the Noticees in the scrip of USL as were provided by them.

- (c) From the details submitted by the stock exchange (s) and the details provided by the Noticees, it was revealed that the Noticees had failed to make disclosures regarding creation / invocation / release of their certain pledges transaction as required under regulation 31 of the SAST Regulations. The details of alleged failure on the part of the Noticees are given in table below –

Sr. No.	Transaction date	Entity	Transaction Nature	Shares	Disclosure date to BSE	Disclosure date to NSE	Disclosure filing due date	Violation	Remarks
1	15.2.12	UBHL	Invocation	34,528	-	-	Not filed	Regulation 31(2) and 31(3) of SAST Regulations	Not filed
2	24.3.12	UBHL	Invocation	2,20,000	-	-	Not filed	Regulation 31(2) and 31(3) of SAST Regulations	Not filed
3	26.3.12	UBHL	Invocation	50,000	-	-	Not filed	Regulation 31(2) and 31(3) of SAST Regulations	Not filed
4	26.3.12	UBHL	Creation	1,50,000	-	-	Not filed	Regulation 31(1) and 31(3) of SAST Regulations	Not filed
5	28.3.12	UBHL	Creation	1,86,000	-	-	Not filed	Regulation 31(1) and 31(3) of SAST Regulations, 2011	Not filed
6	28.3.12	UBHL	Release	11,69,000	11.4.12	-	10.4.12	Reg 31(2) and 31(3) of SEBI(SAST) Regulations, 2011	1 day delay in filing

Sr. No.	Transaction date	Entity	Transaction Nature	Shares	Disclosure date to BSE	Disclosure date to NSE	Disclosure filing due date	Violation	Remarks
7	28.3.12	KFIL	Creation	6,67,000	11.4.12	-	10.4.12	Reg 31(1) and 31(3) of SEBI(SAST) Regulations, 2011	1 day delay in filing
8	25.10.12	KFIL	Release	10,000	7.11.12	6.11.12	5.11.12	Reg 31(2) and 31(3) of SEBI(SAST) Regulations, 2011	1 day delay in filing

(d) In view of the aforesaid, it was alleged that the Noticees had failed to disclose / made delayed disclosure about their pledge transactions in the share of USL, and thereby allegedly violated regulation 31 (1), 31(2) read with 31 (3) of the SAST Regulations. The aforesaid provisions of law alleged to have been violated by the Noticees are mentioned below;

Disclosure of encumbered shares.

31(1) The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him in such forms as may be specified.

(2) The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the creation or invocation or release of encumbrance, as the case may be to,—

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office.

4. In response to the SCN, the Noticee through letter dated August 28, 2015 had intimated that they are in the process of preparing reply towards the SCN and requested for an additional 14 days' time to file reply. Thereafter, the Noticees had filed their replies dated September 11, 2015 towards the SCN and also requested for an opportunity of hearing in the matter.

5. For the purpose of inquiry and as requested by the Noticees, an opportunity of hearing on October 21, 2015 was provided to the Noticees vide hearing notice dated October 01, 2015. In respect of said notice of hearing, the Noticees had vide their common letter dated October 07, 2015 requested for an adjournment of hearing attributing the reasons that several other cases against them were listed around the aforesaid scheduled date and their concerned official would be busy during that period.
6. Considering the grounds as stated by the Noticees and also taking into account the principle of natural justice, another final opportunity of hearing on October 30, 2015 was provided to the Noticees vide hearing notice dated October 15, 2015. The hearing on October 30, 2015 was attended by the authorised representatives of the Noticees namely- Mr. Sandeep Parekh Advocate, Mr. Kaushik Majumder (Sr. Vice President –Legal & Company Secretary of Noticee No. 1), Mr. Shashank M Patil and Ms. Radhika Venkatesh; and the submissions made by them were recorded. During the hearing, the authorized representatives of the Noticees agreed to file additional written submissions /arguments along with annexures if any, within a period of 10 days. Thereafter, the Noticees filed their additional written submission dated November 09 and 16 of 2015 along with annexures.
7. The core submissions made by the Noticees towards the SCN in their aforesaid reply dated September 11, 2015, during the course of hearing, supplementary reply dated November 09, 2015 and additional written submission dated November 16, 2015, are mentioned below;

Reply of the Noticee No. 1 (UBHL)

(a) UBHL, in the ordinary course of its business, avails credit facilities from lenders for its working capital requirements and in order to provide support to its group companies. For these credit facilities, UBHL regularly provides pledge of shares from its portfolio as security to the lenders. The choice of securities being pledged

for a particular transaction depends upon the negotiation and agreement of the terms and conditions of the loan with respective lenders. Amongst the securities of other listed group companies, UBHL also provides the equity shares of USL as security.

(b) UBHL is disclosed as a promoter of USL. In accordance with the Takeover Regulations and other applicable regulations, UBHL regularly makes disclosures regarding any transactions involving the equity shares of USL as and when required. This includes disclosures pertaining to the creation, release or invocation of pledge involving equity shares of USL as required under regulation 31 of the Takeover Regulations.

(c) UBHL filed a consolidated disclosure dated April 04, 2012, in accordance with the format prescribed under regulation 31 of the Takeover Regulations, to the NSE, BSE and Bangalore stock Exchange Limited ("Bangalore Exchange") (each of these are attached herewith as Annexure I). The same were dispatched on April 04, 2012, and courier receipts were received from the courier service providers bearing airway bill nos. 30243055290 (NSE). 30243055301 (SSE), and 882115387 (Bangalore Exchange) (each of these are attached herewith as Annexure II). Further, these were delivered to the stock exchanges on April 09, 2012 (Refer to the delivery confirmation provided by the courier service providers attached herewith as Annexure III).

(d) On February 15, 2012, Yes Bank Limited, one of the lenders, invoked their right on 34,528 equity shares of USL pledged by us. We were made aware of the invocation of pledge by our depository participant when they communicated the 'Transaction Statement' for the period from February 9, 2012 to February 17, 2012 by e-mail dated February 18, 2012 (Attached herewith as Annexure II). On being informed of the invocation, we approached the lender in order to reverse the invocation and regain the equity shares of USL. We did not proceed to make the

disclosure stating that the shares were invoked would be incorrect in such a situation. However, the discussions failed to achieve the desired outcome. In this light, as discussed above, UBHL filed a consolidated disclosure dated April 04, 2012, which took into account the details of the shares that were invoked on February 15, 2012, and other transactions that took place in the interim, in accordance with the format prescribed under regulation 31 of the Takeover Regulations. We humbly submit that the SCN is incorrect in stating that the disclosure was not filed, but that the disclosure was delayed by 33 days. We submit that the delay in filing the disclosure was inadvertent, was neither deliberate nor willful on the part of UBHL and that there were no mala fide intentions at any point of time.

(e) In subsequent reply dated November 09, 2015 Noticee stated that, the delay in filing disclosures pertaining to the invocation of pledge dated February 15, 2012; has been entered incorrectly due to a typographical error. It is submitted that the due date for making disclosures in relation to this invocation is seven (7) working days from February 18, 2012 (date of intimation of invocation), i.e., February 29, 2012 (February 19, 20, 25, 26 were not working days). As the disclosure was made on April 04, 2012, we humbly submit that the SCN is incorrect in stating that the disclosure was not filed, but that the disclosure was delayed by 28 days (March 3, 4, 8, 10, 11, 17, 18, 24, 25, 31, and April 1, 2012 were not working days).

(f) For Invocation of Pledge on March 24 and 26 of 2012, we were made aware by depository participants e-mail dated March 28, 2012 only and accordingly we dispatched the consolidated disclosures on April 04, 2012 and was delivered to the stock exchanges on April 09, 2012 (delivery receipt provided by the courier service attached herewith as Annexure IV). The Pledge merely requires actions by the lender. In some situation, due to apprehensions, the borrowers may prevent/delay an invocation if they are given advance notice of invocation. However, a lender may choose to undertake an invocation without intimating the borrower. The borrower might be unaware of the invocation until it receives intimation of the same. The legal maxim "Lex Non Cogit Ad Impossibilia" can be

relied on in such situations, which translates to “the law does not compel a man to do that which he cannot possibly perform.” Please see the ruling of the Hon’ble Supreme Court in Manohar Joshi v. Nitin Bhaurao Patil and Anr., in support of the proposition. Further, Disclosure cannot be expected to be made on a day on which the exchange is closed

(g) For creation of pledge on March 26, 2012 for 1,50,000 shares, the due date for making disclosures was April 04, 2012 as March 31 and April 01, 2012 were not working days and we had dispatched the consolidated disclosures on April 04, 2012.

(h) On March 28, 2012 UBHL created a pledge on 1,86,000 shares and released the pledged 11,69,000 shares. The due date for making disclosures was April 10, 2012 as March 31 and April 01, 05, 06, 07, and 08 of 2012 were not working days. Accordingly, we dispatched the consolidated disclosures on April 04, 2012 and was delivered to the stock exchanges on April 09, 2012.

(i) In view of the above, we submit that the disclosures were made in accordance with regulation 31 of the Takeover Regulations. However, in the cases, viz. Rasesh Kanakia and Himanshu Kanakia in the matter of Cinemax India Limited, SEBI has imposed penalties in between Rupees one (1) lakh and Rupees two (2) lakh. We humbly request you to take a lenient view while taking any action against our clients.

Reply of the Noticee No. 2 (KFIL)

(a) KFIL, in the ordinary course of its business, avails credit facilities from lenders for its working capital requirements and in order to provide support to its group companies. For these credit facilities, KFIL regularly provides pledge of shares from its portfolio as security to the lenders. The choice of securities being pledged for a particular transaction depends upon the negotiation and agreement of the terms and conditions of the loan with respective lenders. Amongst the securities of

other listed group companies, KFIL also provides the equity shares of USL as security.

(b) KFIL is disclosed as a promoter of USL. In accordance with the Takeover Regulations and other applicable regulations, KFIL regularly makes disclosures regarding any transactions involving the equity shares of USL as and when required. This includes disclosures pertaining to the creation, release or invocation of pledge involving equity shares of USL as required under regulation 31 of the Takeover Regulations.

(c) In March and October, 2012, portions of KFIL's equity shareholding in USL were pledged or pledged equity shares in USL were released. The specifics of the transactions relevant for the purposes of these written submissions have been detailed in the table below:

Sl. No	Date of Transaction	Nature of Transaction	Number of Shares
1	28.03.2012	Creation	6,67,000
2	25.10.2012	Release	10,000

(d) The SCN has alleged that disclosures in relation to transactions detailed in the table above were each delayed by one (1) day. Before proceeding with analysing whether disclosures pertaining to each of the transactions has been made within the stipulated due date, we submit that section 9 (1) of the General Clauses Act, 1897, is relevant while calculating the due date of disclosure under regulation 31 of the Takeover Regulations.

(e) The Hon'ble Supreme Court, in *Tarun Prasad Chatterjee v. Dinanath Sharma*, has stated that "Section 9 of the General Clauses Act, 1897 gives statutory recognition to the well-established principle applicable to the construction of statutes that ordinarily in computing the period of time preserved, the rule

observed is to exclude the first and include the last day. Regulation 31 (3) of the Takeover Regulations states that disclosures under Regulations 31 (1) and 31 (2) shall be made within seven (7) working days from the date of the creation, invocation or release of encumbrance. Based on section 9 of the General Clauses Act, 1897, and the Hon'ble Supreme Court's views, it is submitted that the usage of the word 'from' within Regulation 31 (3) indicates that the date on which the transaction involving encumbrance occurred must be excluded while determining the due date of making disclosures pertaining to encumbrance of shares.

(f) In regard to the creation of pledge of 6, 67,000 equity shares of USL on March 28, 2012, the due date for making disclosures in relation to this transaction is seven (7) working days from March 28, 2012, i.e., April 10, 2012 (as March 31, 2012, April 01, 05, 06, 07 and 08, 2012 were not working days). As the disclosures were dispatched on April 04, 2012, and were delivered to the stock exchanges on April 09, 2012, we submit that the SCN is incorrect as a matter of law in stating that the disclosures in regard to the creation of encumbrance on March 28, 2012, were delayed. The disclosures were made in accordance with regulation 31 of the Takeover Regulations without any delay.

(g) In regard to the release of 10,000 pledged shares of USL on October 25, 2012, the due date for making disclosures in relation to this transaction is seven (7) working days from October 25, 2012, i.e., November 05, 2012 (as October 27 and 28, 2012, and November 03 and 04, 2012, were not working days). Disclosures filed with the NSE and BSE were dispatched by courier on November 05, 2012, and were delivered on November 06, 2012 (the first working day after the date on which the disclosure was dispatched). Further, the disclosure filed with Bangalore Stock Exchange Limited ("Bangalore Exchange") was hand delivered on November 05, 2015, and the delivery of the same was acknowledged by the Bangalore Exchange on November 05, 2015. As the public shareholders of USL were made aware of the transaction undertaken by KFIL by virtue of it being disclosed to the Bangalore Exchange on November 05,

2015, we submit that the SCN is incorrect as a matter of law in stating that the disclosures in regard to the release of encumbrance on October 25, 2012, were delayed. The disclosures were made in accordance with regulation 31 of the Takeover Regulations without any delay.

(h) In light of the above submissions, it is submitted that KFIL has complied with the requirements under regulation 31 of the Takeover Regulations in relation to all transactions including those mentioned in the SCN. We, therefore, request you to not to hold inquiry against our clients in terms of rule 4 of Inquiry Rules read with section 151 of the SEBI Act and not to impose penalty under section 15 A (b) of the SEBI Act.

8. After taking into account the allegations, replies of the Noticees and other evidences / material available on records, I hereby, proceed to decide the case on merit.

CONSIDERATION OF ISSUES AND FINDINGS

9. The issues that arise for consideration in the present case are :
 - a) Whether the Noticees had failed / delayed in complying with the provisions of regulation 31 (1), 31(2) read with 31 (3) of SAST Regulations?
 - b) If yes, then, whether said violation attracts monetary penalty under sections 15 A (b) of the SEBI Act?
 - c) If yes, then, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors mentioned in section 15J of the SEBI Act read with rule 5 (3) of the Adjudication Rules?

ISSUE NO. 1- Whether the Noticees had failed / delayed in complying with the provisions of regulation 31 (1), 31(2) read with 31 (3) of SAST Regulations?

10. I have carefully perused the allegations, submissions of the Noticees and the evidences / material available on records. The facts / details of pledge transactions viz. number of shares, date of creation / invocation / release of pledged shares etc. as alleged in the SCN, are not in dispute by the Noticees except certain explanations made by them which will be dealt below. The submissions / explanation of the Noticees towards the allegations are mentioned at para 7 above and same are not repeated for sake of brevity.
11. The details of allegation of non-disclosure / delayed disclosures about creation / invocation / release of pledged shares by the Noticees, are shown in the table at Para 3 (c) above. From the annexure III of the SCN which is the e-mail communications of the stock exchanges viz. BSE and NSE, it is observed that the Noticees had failed to disclose/ delayed in disclosing to the stock exchange (s) the details of creation / invocation / release of pledged transactions.

Examination of case in respect of Noticee No. 1 (UBHL)

12. In respect to the allegations, the Noticees No. 1 stated that it had made consolidated disclosures dated April 04, 2012 regarding entire alleged transactions of invocation of pledge on February 15, 2012, March 24 & 26 of 2012 and creation / release of pledge on March 26 & 28 of 2012. The Noticee No.1 enclosed as Annexure 1 (2 pages) to that effect. It was stated by Noticee No.1 that the said disclosures were delivered to the Stock Exchange(s) on April 09, 2012 and enclosed annexure IV (5 pages) the copy of delivery report provided by the courier services. The same documents were resubmitted by the Noticee No. 1 along with their additional submissions dated November 09, 2015.
13. Though as per stock exchange records, no disclosures were made by the Noticee No. 1 for transaction as shown in serial no. 1-5 of the aforesaid table and disclosure made with 1 day delay for the transaction of 'release of pledge' on March 28, 2012, however, keeping in view the delivery proof of so called

consolidated disclosures as claimed by the Noticee No. 1, the same is being examined as under.

14. I have perused the above documents / annexure 1 of the UBHL and observed that the plea of making consolidated disclosures in respect of creation/invocation/release of aforesaid pledged transaction, is not correct as the Annexure 1 (bearing 1st page a letter dated April 04, 2012 of the UBHL and 2nd page a disclosure format to Stock Exchanges), a letter dated April 04, 2012 of the UBHL addressed to stock exchange (s) merely furnishes the detail of “Release” and “Creation” of pledge of shares of USL and does not include the details of “Invocation” of pledged shares. Further, the plea of consolidated disclosures cannot be accepted as the second page of Annexure 1 (Format of submitting of disclosures) contains only two dates viz. March 28 & 29 of 2012 in the column of “details of events pertaining to encumbrance”, and again the details of “Invocation” dates i.e. February 15, 2012 and March 24 & 26 of 2012 and the details of “creation of pledge” on March 26, 2012 are not appearing therein. As no details for transactions dated February 15, 2012 and March 24 & 26 of 2012, appears at the disclosures made to stock exchanges (s), therefore, it cannot be held that the Noticee No.1 had made the consolidated disclosures in respect of said transaction.
15. Also the Noticee No. 1 in its reply dated September 11, 2015 admitted that there was 33 days delay in making disclosure about invocation of pledge transaction of 34,528 shares invoked on February 15, 2015. Though, in supplementary reply dated November 09, 2015, it had modified the delay as “28 days” removing some days as not working days viz. March 3,4,8, 10, 11, 17,18,24,25, 31 and April 1, 2012. The disclosure made by the UBHL / Noticee No. 1 at Annexure 1 is produced below which apparently does not display the disclosures of transactions of “invocation of pledge” dated February 15, 2012 and March 24 & 26 of 2012 and “Creation of pledges” dated March 26 of 2012.



UNITED BREWERIES (HOLDINGS) LIMITED

April 4, 2012

The Executive Director
Bangalore Stock Exchange Limited
Exchange Towers, No.51,
J C Road, 1 Cross,
Bangalore 560027

The Bombay Stock Exchange Limited
Department of Corporate Services
1st Floor, New Trading Ring
Refunda Building, P J Towers
Dalal Street, Fort, Mumbai 400 001

✓ The Secretary
National Stock Exchange of India Limited
Compliance Department
Exchange Plaza, Bandra Kurla Complex
Bandra [E], Mumbai 400 051

Dear Sirs,

Sub: Disclosure of release /creation of pledge of shares

In terms of Notification No. LAD-NRO/GN/2011-12/24/30181 dated September 23, 2011 issued by Securities and Exchange Board of India (SEBI), we hereby furnish the details of release and creation of pledge on shares held by us.

Kindly treat this as compliance under Regulation 31(1) and (2) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and acknowledge receipt.

Thanking You,

Yours faithfully,
For United Breweries (Holdings) Limited

Kaushik Majumder
Corporate Vice President-Legal &
Company Secretary

Encl: as above

cc: United Spirits Limited
UB Tower, Level 6, UB City,
No.24, Vital Mallya Road
Bangalore 560 001

UB Tower, Level 12, 14 & 15, UB City, 24, Vital Mallya Road, Bangalore - 560 001.
Tel : +91 80 2227 2808, 2227 5808, 3385 6000 Fax : +91 80 2227 4890 Website : www.theubgroup.com

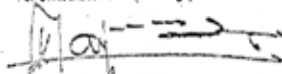


Disclosure by the Promoter(s) to the stock exchanges and to the Target Company for encumbrance of shares/invocation of encumbrance/release of encumbrance, in terms of Regulation 31(1) and 31(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

Name of the Target Company(TC)	United Spirits Ltd
Name of the Promoter(s) on whose shares encumbrance was created/invoked/released (tick the relevant one)	United Breweries (Holdings) Limited
Date of reporting	4.4.2012
Names of the stock exchanges where the shares of the Target Company	Bangalore Stock Exchange Limited, The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited

Details of the Promoters' Holdings (The term "event" indicates creation/invocation/release of encumbrance, as the case may be)							
Promoter(s) or PACs with him	Pre-event holding		Details of events pertaining to encumbrance		Post event holding (encumbered shares to be excluded)		(*) Details of encumbrance (pledge/lien or others- give details)
Names	Number	% of total share capital	Type- creation/invocation/ release	Date(s)	Number	% of total share capital	
United Breweries (Holdings) Limited	23,881,821	16.26	Release/Creation	28.3.2012 829.3.2012	1,915,806	1.46	Release /Pledge of equity shares

For United Breweries (Holdings) Limited



Kaushik Majumdar
Corporate Vice President- Legal &
Company Secretary

16. In light of the Stock Exchange (s) records and also considering the Annexure 1 of the Noticee No. 1, it is clear that the Noticee No. 1 had failed to make disclosures regarding the “invocation of pledge” transaction that took place on February 15, 2012 and March 24 & 26 of 2012 and also failed to make disclosure regarding the transaction of “creation of pledges” that took place on March 26 of 2012.
17. Though, no consolidated disclosures for the entire transactions as relied by the Noticee No. 1 is proved, but, even if it is so presumed, even then also, there is delay of 4 days in submitting the required disclosures regarding the invocation of pledge on March 24 and 26 of 2012 and creation of pledge on March 26, 2012 as the due date for such disclosures was April 04, 2012 (as admitted by the Noticee No. 1 in its reply dated September 11, 2015), but the same as claimed were delivered to stock exchange (s) only on April 09, 2012.
18. The plea of the Noticee No. 1 regarding invocation / creation of pledge that took place on March 24 & 26 of 2012 i.e. *(it came to know only on March 28, 2012 about the invocation of pledge transaction that took place on March 24 & 26 of 2012 when Depository Participant through De-mat Transaction Statement informed the same and being the borrower, it cannot come to know about action of lender of invocation until it is informed to it; and therefore, the calculation of due date of 7 working days must start only upon such intimation)*, do not necessarily warrants the examination of such transactions as the core ground of consolidated disclosures (Annexure 1 of the Noticee) in respect of invocation/creation of pledge on March 24 & 26 of 2012, is not proved in light of observations / conclusion made in above paras.
19. However, since this issue is raised in the matter, therefore, additionally, there would be no infirmity in dealing with the same. Here, I do not agree with the aforesaid plea / contention of “knowledge/intimation” of invocation of pledge transactions on the two following grounds. Firstly, as per the bare reading of regulation 31 (3) of the SAST Regulations, the disclosures are required to be made “*within seven working days from the creation or invocation or release of*

encumbrance”. The said regulation clearly stipulates the mandatory requirement of disclosures to be made from the day of creation / invocation / release of pledge and does not leave any scope of “*knowledge / intimation*” as prior condition for the person who is required to make such disclosures. Had the “*knowledge / intimation*” been the intent of the statute then, it would have been very well incorporated in the SAST Regulations itself. Secondly, while making / creating pledge of shares by the borrower, certain terms / condition as well as the timeline of invocation of pledged shares in case of breach in making payment/loan are pre fixed between the borrower and the lender. Needless to say that if such time line towards the pledged shares are there, then, the borrower (the Noticee No. 1) is supposed to know the last day after which invocation of pledged share may take place by the lender upon breach of payment.

20. Further, it is important to mention that if the arguments advanced by the Noticee No. 1 is accepted, then, the very purpose of aforesaid SAST Regulations (meant to stipulate such specific time lines of 7 working days from the date of transactions in the interest of investor to keep them well informed about stock decision / management etc.) would be defeated. Hence, the submission of the Noticee No. 1 regarding “*intimation / knowledge*” of invocation of pledge as a pre-condition is without any merit.
21. It is also worth to mention that manner of creation / invocation of pledge has been laid down in regulation 58 of the SEBI (Depositories and Participants) Regulations, 1996 (hereinafter referred to as ‘DP Regulations’). For the purpose of invocation, regulation 58 (8) and 58 (9) warrants hereunder;

(8) Subject to the provisions of the pledge document, the pledgee may invoke the pledge and on such invocation, the depository shall register the pledgee as beneficial owner of such securities and amend its records accordingly.

(9) After amending its records under sub-regulation (8) the depository shall immediately inform the participants of the pledger and pledgee of the change who in turn shall make the necessary changes in their records and inform the pledger and pledgee respectively.

22. It is clear from the aforesaid provision of the DP Regulations that it is the duty of the Depository towards the Participant and in turn of Participants towards the pledger / pledgee, to **immediately** inform about such invocation. The intent of the statute in respect of word “immediately” should be construed in its true sense meaning thereby that it should be informed immediately or within the same day itself. Had the intent of the statute was different, then, it would have been otherwise incorporated in DP Regulation like the regulation 58 (3) specifying the timeline for creating record of pledge. The depository participants (who is in other words is like an agent /authorized entity of the Noticee in this behalf) should inform the person required to make disclosures without any delay.
23. In view of the above and also in view of the plea of Section 9 (1) of the General Clauses Act, 1897, taken by the Noticee in their support, it is clear that “intimation/Knowledge” of such invocation of pledge is not warranted under law.
24. As regards to the allegation of failure to make disclosure about “Creation” of pledge for 1,86,000 shares and “Release” of 11,69,000 pledged shares on March 28, 2012 by the Noticee No. 1, the NSE records reveals that the same were not disclosed; and BSE’s records reveals that creation of pledge was not disclosed but the release of pledge was disclosed by Noticee No.1 with 1 day delay as the Noticee was supposed to make disclosures by April 10, 2012 however, BSE received such disclosure only on April 11, 2012.
25. In respect to above, from the Annexure IV (delivery proof of disclosure) enclosed with reply of the Noticee No. 1, it is noted that disclosure for the date of March 28 and 29 of 2012 were made on April 04, 2012 and the same were delivered to the stock exchanges on April 09, 2012 i.e. before April 10, 2012. Therefore, no fault

can be found in making disclosures by the Noticee No. 1 for the transaction dated March 28, 2012.

26. In light of the exchange records and also considering the Annexure 1 of the Noticee No. 1, it is concluded that the Noticee No. 1 had violated regulation 31 (1), 31(2) read with 31 (3) of the SAST Regulations as it had failed to make the disclosures regarding the “invocation of pledge” that took place on February 15, 2012 and March 24 & 26 of 2012 and also failed to make disclosures regarding the “Creation of pledges” of shares that took place on March 26 of 2012.

Examination of case in respect of Noticee No. 2 (KFIL)

27. As regards to the allegation of failing to make disclosures / delay in making disclosure about “creation” of pledge transaction on March 28, 2012 for 6,67,000 shares by the Noticee No. 2, the NSE records reveals that the same were not disclosed; and BSE’s records reveals that same was disclosed with 1 day delay as the Noticee No. 2 was supposed to make such disclosure by April 10, 2012 however, BSE received such disclosure only on April 11, 2012.
28. Further, as regards to the allegation of making delayed disclosure about “release” of 10,000 pledged shares on October 25, 2012 by the Noticee No. 2, the BSE and NSE records reveals that the same were disclosed on November 07, 2012 and November 06, 2012 respectively, with a delay of 1 day as the Noticee No. 2 was supposed to make disclosure by November 05, 2012.
29. The Noticee No. 2 submitted that while calculating the due date of disclosure under Regulation 31 of the Takeover Regulations, section 9 (1) of the General Clauses Act, 1897, should be applied which states as :-

"In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, for the purpose of excluding the first in a series of days or any other period of

time, to use the word "from ", and, for the purpose of including the last in a series of days or any other period of time, to use the word "to"."

30. In respect to the allegation, the Noticee No. 2 submitted it had created a pledge on 6, 67,000 equity shares of USL on March 28, 2012 and the due date for making disclosures in relation to this transaction was April 10, 2012 from March 28, 2012 as March 31, 2012, April 01, 05, 06, 07 and 08, 2012 were not working days. The Noticee submitted that the disclosures were dispatched on April 04, 2012, and were delivered to the stock exchanges on April 09, 2012.
31. In regard to the release of pledge on 10,000 equity shares of USL on October 25, 2012, the Noticee submitted that the due date for making disclosures in relation to this transaction was November 05, 2012 from October 25, 2012 as October 27 and 28, 2012, and November 03 and 04, 2012, were not working days. The Noticee No. 2 stated that disclosures filed with the NSE and BSE were dispatched by courier on November 05, 2012, and were delivered on November 06, 2012 (the first working day after the date on which the disclosure was dispatched). Further, the Noticee No. 2 stated that the disclosure filed with Bangalore Stock Exchange Limited was hand delivered on November 05, 2015, and the delivery of the same was acknowledged by the Bangalore Exchange on November 05, 2015. The Noticee No. 2 stated that the public shareholders of USL were made aware of the transaction undertaken by KFIL by virtue of it being disclosed to the Bangalore Exchange on November 05, 2015.
32. In support of its submission, the Noticee No. 2 enclosed delivery proof of submission of said disclosures to stock exchanges. It was stated by the Noticee No. 2 that it is the sister concern of the Noticee No.1 and located at the same address, hence, the disclosures were made together with Noticee No.1 to stock exchanges and therefore the courier receipts were generated in name of UBHL only.

33. I have perused the available records and observed that the case against the Noticee No. 2 is that it had delayed disclosures by mere 1 day. It is noticed that in respect of creation of pledge of 6, 67,000 equity shares on March 28, 2012, the due date for making disclosures was April 10, 2012 and as per the annexures provided by the Noticee No. 2 in its aforesaid replies including disclosures delivery proof, it is observed that the said disclosure was dispatched by the Noticee No. 2 on April 04, 2012, and were delivered to the stock exchange (s) on April 09, 2012 i.e. within the due date. Therefore, no fault can be found with the disclosures made for the transaction done on March 28, 2012.

34. In respect to the “release” of 10,000 pledged shares transacted on October 25, 2012, the due date for making disclosures was November 05, 2012 and as per the annexures provided by the Noticee No. 2 in its aforesaid replies including disclosures delivery proof, it is observed that the said disclosure was dispatched by the Noticee No. 2 on November 05, 2012, and were delivered to NSE and BSE on November 06, 2012 and to Bangalore Stock Exchange on November 05, 2012 itself. I cannot ignore the material fact that the Noticee No. 2 had taken efforts to dispatch the required disclosures to all the 3 stock exchanges before the due date of disclosures, and even though it reached to NSE and BSE with mere one day delay, but it reached to Bangalore stock exchange on the due date itself. It is relevant to mention that the disclosure in this respect were filed with Bangalore Stock Exchange within due date and therefore shareholding under USL were made aware to public of the transaction undertaken by KFIL.

35. Therefore, keeping in view the various mitigating factors viz. mere 1 day delay that too for one transaction only, involvement of small number of shares of 10,000, efforts made by the Noticee No. 2 to dispatch the disclosures within the due date, delivery to one of the stock exchange (Bangalore stock exchange) on time, no repetitive nature of irregularities were shown on records to have been committed by the Noticee No. 2, considering the case holistically/judiciously in the given facts and circumstance of the case and in the interest of justice, I am of the

view that this is not a fit case for making the Noticee No. 2 liable for imposition of monetary penalty.

ISSUE No. 2 - whether said violation attracts monetary penalty under sections 15 A (b) of the SEBI Act?

36. As the violation of regulation 31 (1), 31(2) read with 31 (3) of the SAST Regulations stood established against the Noticee No. 1 (UBHL) as observed in Para 13 to 26 above, and after taking into account the facts and circumstance of the case, I am of the view that this is the fit case to impose monetary penalty against the Noticee No. 1 for the aforesaid violations.

37. Thus, the aforesaid violation by the Noticee No. 1 makes it liable for penalty under Section 15 A (b) of SEBI Act, 1992 which read as follows:

Penalty for failure to furnish information, return, etc.

15A. If any person, who is required under this Act or any rules or regulations made thereunder,-

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;

ISSUE NO. 3- What would be the monetary penalty that can be imposed upon the Noticee No. 1 taking into consideration the factors mentioned in section 15J of the SEBI Act read with rule 5 (3) of the Adjudication Rules?

38. While determining the quantum of penalty under sections 15 A (b), it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

“15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

39. Before arriving to the quantum of penalty in the matter, it is necessary to refer the importance of such disclosures. The main objective of the SAST Regulations is to achieve fair treatment by *inter alia* mandating disclosure of timely and adequate information to enable shareholders to make an informed decision and ensuring that there is a fair and informed market in the shares of companies affected by such change in control. Correct and timely disclosures are also an essential part of the proper functioning of the securities market and failure to do so results in preventing investors from taking well informed decision.
40. No specify disproportionate gains or unfair advantage made by the Noticee No. 1 or the specific loss suffered by the investors due to such non / delayed disclosures is available on records; and no repetition of the default is shown on records to have been committed by the Noticee No. 1. However, taking into consideration the facts and circumstance of the case (non disclosures of total 4 transactions viz. “invocation of pledge” that took place on February 15, 2012 and March 24 & 26 of 2012; and also the non disclosures regarding the “Creation of pledges” that took place on March 26 of 2012), I am of the view that a justifiable penalty needs to be imposed upon the Noticee No. 1 to meet the ends of justice.
41. The case of Rasesh Kanakia and Himanshu Kanakia in the matter of Cinemax India Limited, as relied by the Noticee No. 1 in respect of imposition of penalties, do not hold good in its favour keeping in view the facts and circumstance of this case and also keeping in view the penalty provision under section 15 A (b) whereby rupees one lakh can be imposed for each day failure.

ORDER

42. After taking into consideration all the facts and circumstances of the case, I hereby impose a penalty of ₹15,00,000/- (Rupees Fifteen Lakh only) under section 15 A (b) of the SEBI Act upon the Noticee No. 1 / United Breweries (Holding) Ltd. I am of the view that the said penalty would be commensurate with the violations committed by the Noticee No.1.
43. The Noticee No. 1 / United Breweries (Holding) Ltd, shall pay the said amount of penalty by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, within 45 days of receipt of this order. The said demand draft should be forwarded to Chief General Manager, Enforcement Department at the address:- SEBI Bhavan, Plot No. C4A, G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400 051.
44. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee No. 1 and also to the Securities and Exchange Board of India.

Date: November 27, 2015

Place: Mumbai

RACHNA ANAND

ADJUDICATING OFFICER

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date of Decision : 25.09.2017

Appeal No. 20 of 2016

United Breweries (Holdings) Limited
Level 12, UB Tower,
UB City, No. 24,
Vittal Mallya Road,
Bangalore – 560 001.

...Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C-4A,
G-Block, Bandra-Kurla Complex,
Bandra (East),
Mumbai – 400 051.

...Respondent

Mr. Shashank M. Patil, Advocate i/b Finsec Law Advisors for the Appellant.

Mr. Aditya Mehta, Advocate with Mr. Pulkit Sukhramani and Ms. Vidhi Jhavar, Advocates i/b The Law Point for the Respondent.

CORAM : Justice J.P. Devadhar, Presiding Officer
Dr. C.K.G. Nair, Member

Per : Dr. C.K.G. Nair, Member (Oral)

1. This appeal has been filed challenging the order of the Adjudicating Officer ('AO' for short) of the Securities and Exchange Board of India ('SEBI' for short) dated November 27, 2015. By the said order a penalty of ` 15 Lakh has been imposed under Section 15A(b) of the Securities and Exchange Board of India Act, 1992 for failure to make disclosures regarding creation / invocation / release of four pledge transactions made by the appellant and thereby violating certain provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as 'Takeover Regulations').

2. Facts relevant to the matter are the following:-

- (a) SEBI conducted suo moto investigation relating to trading / dealing in the shares of United Spirits Ltd. (for Short 'USL'), a listed company, during the period from January 2, 2012 to November 30, 2012. During the investigation period it was, inter alia, noticed that the appellant (and another entity which has been exonerated in the impugned order) had made certain pledge transactions of their USL shareholding and disclosures as required were not done. In respect of the appellant herein the transactions include invocation of three pledges of 34,528 shares on February 15, 2012, 2,20,000 shares on March 24, 2012, 50,000 shares on March 26, 2012 and creation of a pledge of 1,50,000 shares on March 26, 2012.
- (b) As per the Takeover Regulations, the disclosure requirement relating to encumbered shares is as follows:-

"Disclosure of encumbered shares.

31(1) The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him in such form as may be specified.

(2) The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the creation or invocation or release of encumbrance, as the case may be to,-

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office."

Accordingly, as per Regulation 31(3) disclosures on all four transactions as stated in para 2(a) above had to be made to the stock exchanges as well as to the target company within 7 working days from the date of creation / invocation / release of encumbrance.

3. The main contention of the appellant is that the required disclosures have been made on April 4, 2012 for all the 4 transactions under reference in a consolidated manner. Shri. Shashank M. Patil Learned Counsel appearing on behalf of the appellant submitted a detailed chart stating the nature of transactions, number of shares involved in each transaction, date of each transaction, date of invocation / creation of pledge, due date for disclosure, actual date of disclosure etc. and argued that only in respect of one transaction i.e. invocation of pledge on February 15, 2012 relating to 34,528 shares there was an inadvertent delay of 24 days. In respect of other 3 transactions where delay has been alleged in the impugned order actually there has been no delay. These contentions take into account the date of receiving intimation from the depository, holidays coming in between the date of the event and the date of receipt of the information by the stock exchanges etc.

4. Shri. Aditya Mehta, Learned Counsel appearing on behalf of the respondent submitted that the filing made by the appellant dated April 4, 2012 claiming as consolidated filing for the 4 transactions referred to actually do not give the complete details. It does not disclose invocation of pledge of large quantities of shares. Furthermore, the dates are not matching and not fully disclosed; it only specifies 28 & 29 March, 2012 as the dates while the actual date of transactions were 15, 24 and 26 March, 2012. So the

so-called consolidated disclosure dated April 4, 2012 is not only confusing but is not a full picture of the actual encumbrances involved as invocation of pledge is not even indicated, whereas, sub-regulation 32(2) specifically mandates disclosure within 7 working days for such invocation / release.

5. We have perused the documents on record including the consolidated statement dated April 4, 2012 relied heavily by the appellant. We note that the consolidated disclosure is vague as is clarified and amplified in the impugned order as there is no indication to the effect of 3 invocation of pledge whereby the shareholding of the appellant in USL came down substantially. We also note that all the arguments made by the appellant before us have been dealt in the impugned order in detail and we see no reason to differ with the said reasoning. We also make it clear that the 4 transactions relating to the encumbrance of the shareholding of USL by the appellant were distinct events, each one needing disclosure within 7 working days from the date of each of the event and as such each one is a separate violation. Although penalty for each violation could be levied separately, in the facts of present case, considering all mitigating factors, the AO has imposed consolidated penalty of ` 15 Lakh which cannot be said to be unreasonable or excessive.

6. For the above said reasons, we find no merit in the appeal and appeal is dismissed with no order as to costs. Appellant is directed to pay the penalty within 30 days from the date of this order.

Sd/-
Justice J.P. Devadhar
Presiding Officer

Sd/-
Dr. C.K.G. Nair
Member

25.09.2017

Prepared and compared by: msb

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
 T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
 Corporate Identity Number: L67120MH2005PLC155188



DCS/AMAL/JR/R37/1818/2020-21

“E-Letter”

October 21, 2020

The Company Secretary,
UNITED SPIRITS LTD
 UB Tower Level 6 #24, Vittal Mallya Road UB City,
 Bengaluru, Karnataka, 560001

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement amongst Pioneer Distilleries Limited and United Spirits Limited and their respective shareholders and creditors.

We are in receipt of the Draft Scheme of Arrangement amongst Pioneer Distilleries Limited and United Spirits Limited and their respective shareholders and creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated October 21, 2020 has inter alia given the following comment(s) on the draft scheme of arrangement:

- “Company shall ensure that full disclosures about Mr. Vijay Mallya and other promoter entities being wilful defaulters/Fugitive Economic Offender and about all actions taken by SEBI against the listed entities/ its directors/ promoters are made before the Hon’ble NCLT and shareholders, while seeking approval of the scheme.”
- “Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.”
- “Company shall duly comply with various provisions of the Circular/ provisions of SEBI rules and regulations.”
- “Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.”
- “It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon’ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

sd/-

Nitinkumar Pujari
Senior Manager

National Stock Exchange Of India Limited

Ref: NSE/LIST/22715_III

October 22, 2020

The Company Secretary
United Spirits Limited
UBTower
#24 Vittal Mallya Road,
Bengaluru 560001

Kind Attn.: Mr. V. Ramachandran

Dear Sir,

Sub: Observation Letter for Draft Scheme of Amalgamation and Arrangement between Pioneer Distilleries Limited and United Spirits Limited and their respective shareholders and creditors

We are in receipt of Draft Scheme of Amalgamation and Arrangement between Pioneer Distilleries Limited (Transferor Company) and United Spirits Limited (Transferee Company) and their respective shareholders and creditors vide application dated December 23, 2019.

Based on our letter reference no Ref: NSE/LIST/22715 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), kindly find following comments on the draft scheme:

- a. *The Company is advised that full disclosures about Mr. Vijay Mallya and other promoter entities being willful defaulters / Fugitive Economic Offender and about all actions taken by SEBI against the listed entities/ its directors / promoters are made before Hon'ble NCLT and shareholders, while seeking approval of the scheme.*
- b. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, from the date of the receipt of this letter, and is displayed on the websites of the listed companies.*
- c. *The Company shall duly comply with various provisions of the Circular / provisions of SEBI rules and regulations.*
- d. *The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- e. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/ observation/ representations.*



Signer: Jiten Bharat Patel
Date: Thu, Oct 22, 2020 10:44:45 IST
Location: NSE

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/ representations.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No-objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from October 22, 2020 within which the scheme shall be submitted to NCLT.

Yours faithfully,
For National Stock Exchange of India Limited

Jiten Patel
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed



Signer: Jiten Bharat Patel
Date: Thu, Oct 22, 2020 10:44:45 IST
Location: NSE

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
 T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
 Corporate Identity Number: L67120MH2005PLC155188



DCS/AMAL/JR/R37/1819/2020-21

“E-Letter”

October 21, 2020

The Company Secretary,
PIONEER DISTILLERIES LTD
 UB Tower, Level 10, #24, Vittal Mallya Road,
 Bengaluru, Karnataka, 560001

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement amongst Pioneer Distilleries Limited and United Spirits Limited and their respective shareholders and creditors.

We are in receipt of the Draft Scheme of Arrangement amongst Pioneer Distilleries Limited and United Spirits Limited and their respective shareholders and creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated October 21, 2020 has inter alia given the following comment(s) on the draft scheme of arrangement:

- “Company shall ensure that full disclosures about Mr. Vijay Mallya and other promoter entities being wilful defaulters/Fugitive Economic Offender and about all actions taken by SEBI against the listed entities/ its directors/ promoters are made before the Hon’ble NCLT and shareholders, while seeking approval of the scheme.”
- “Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.”
- “Company shall duly comply with various provisions of the Circular/ provisions of SEBI rules and regulations.”
- “Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.”
- “It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon’ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

BSE - INTERNAL

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

sd/-

Nitinkumar Pujari
Senior Manager

National Stock Exchange Of India Limited

Ref: NSE/LIST/22717_III

October 22, 2020

The Company Secretary
Pioneer Distilleries Limited
UBTower, Level-10, #24, Vittal Mallya Road,
Bengaluru 560001

Kind Attn.: Mr. B L Akshara

Dear Sir,

Sub: Observation Letter for Draft Scheme of Amalgamation and Arrangement between Pioneer Distilleries Limited and United Spirits Limited and their respective shareholders and creditors

We are in receipt of Draft Scheme of Amalgamation and Arrangement between Pioneer Distilleries Limited (Transferor Company) and United Spirits Limited (Transferee Company) and their respective shareholders and creditors vide application dated December 23, 2019.

Based on our letter reference no Ref: NSE/LIST/22717 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), kindly find following comments on the draft scheme:

- a. *The Company is advised that full disclosures about Mr. Vijay Mallya and other promoter entities being willful defaulters / Fugitive Economic Offender and about all actions taken by SEBI against the listed entities/ its directors / promoters are made before Hon'ble NCLT and shareholders, while seeking approval of the scheme.*
- b. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, from the date of the receipt of this letter, and is displayed on the websites of the listed companies.*
- c. *The Company shall duly comply with various provisions of the Circular / provisions of SEBI rules and regulations.*
- d. *The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- e. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/ observation/ representations.*



Signer: Jiten Bharat Patel
Date: Thu, Oct 22, 2020 11:17:34 IST
Location: NSE

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/ representations.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No-objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from October 22, 2020 within which the scheme shall be submitted to NCLT.

Yours faithfully,
For National Stock Exchange of India Limited

Jiten Patel
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL <https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist>

This Document is Digitally Signed



Signer: Jiten Bharat Patel
Date: Thu, Oct 22, 2020 11:17:34 IST
Location: NSE

DIAGEO
INDIA

United Spirits Limited

Registered Office:
UB Tower
#24 Vittal Mallya Road
Bengaluru 560 001
Tel: +91 80 2221 0705
Fax: +91 80 2224 5253
www.diageoindia.com

March 3, 2020

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed scheme of amalgamation and arrangement amongst Pioneer Distilleries Limited and United Spirits Limited ("Company")

Ref: Case No. – 102429

In connection to the above application, complaint report as per Annexure III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, tracked between February 5, 2020 and February 26, 2020.

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchange	0
3.	Total Number of complaints/comments received (1+2)	0
4.	Number of complaints resolved	0
5.	Number of complaints pending	0

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.			
2.		NA	
3.			

Thanking you,

For United Spirits Limited


V Ramachandran
EVP & Company Secretary



DIAGEO
INDIA

United Spirits Limited

Registered Office:
UB Tower
#24 Vittal Mallya Road
Bengaluru 560 001

Tel: +91 80 2221 0705

Fax: +91 80 2224 5253

www.diageoindia.com

March 3, 2020

To,
Manager - Listing Compliance
National Stock Exchange of India Limited
'Exchange Plaza'. C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051.

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed scheme of amalgamation and arrangement amongst Pioneer Distilleries Limited and United Spirits Limited ("Company")

Ref: NSE/LIST/22715

In connection to the above application, complaint report as per Annexure III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, tracked between February 7, 2020 and February 28, 2020.

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchange	0
3.	Total Number of complaints/comments received (1+2)	0
4.	Number of complaints resolved	0
5.	Number of complaints pending	0

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.			
2.		NA	
3.			

Thanking you,

For United Spirits Limited


V Ramachandran
EVP & Company Secretary



DIAGEO
INDIA

Pioneer Distilleries limited
Subsidiary of United Spirits Limited

Registered Office:
UB Tower, Level 10
#24 Vittal Mallya Road,
Bengaluru 560 001
Tel: +91 80 2221 0705
Fax: +91 80 3985 6862
info@pioneerdistilleries.com

March 3, 2020

To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed scheme of amalgamation and arrangement amongst Pioneer Distilleries Limited and United Spirits Limited (“Company”)

Ref: Case No. – 102431

In connection to the above application, complaint report as per Annexure III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, tracked between February 5, 2020 and February 26, 2020.

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchange	0
3.	Total Number of complaints/comments received (1+2)	0
4.	Number of complaints resolved	0
5.	Number of complaints pending	0

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.			
2.		NA	
3.			

Thanking you,

For Pioneer Distilleries Limited

B L Akshara
B L Akshara
Company Secretary



Corporate Identity Number:
L24116KA1992PLC125992

Factory Address: Balapur (V), Dharmabad Taluk, Nanded Dist – 431809, Maharashtra.
www.diageoindia.com | www.pioneerdistilleries.com

DIAGEO
INDIA

Pioneer Distilleries limited
Subsidiary of United Spirits Limited

Registered Office:
UB Tower, Level 10
#24 Vittal Mallya Road,
Bengaluru 560 001
Tel: +91 80 2221 0705
Fax: +91 80 3985 6862
info@pioneerdistilleries.com

March 3, 2020

To,
Manager - Listing Compliance
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051.

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed scheme of amalgamation and arrangement amongst Pioneer Distilleries Limited and United Spirits Limited ("Company")

Ref: Application No. – 22717

In connection to the above application, complaint report as per Annexure III of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, tracked between February 10, 2020 and March 2, 2020.

Part A


Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchange	0
3.	Total Number of complaints/comments received (1+2)	0
4.	Number of complaints resolved	0
5.	Number of complaints pending	0

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.			
2.		NA	
3.			

Thanking you,

For Pioneer Distilleries Limited


B L Akshara
Company Secretary



Corporate Identity Number:
L24116KA1992PLC125992

Factory Address: Balapur (V), Dharmabad Taluk, Nanded Dist – 431809, Maharashtra.
www.diageoindia.com | www.pioneerdistilleries.com

UNITED SPIRITS LIMITED

Annexure 17

A DIAGEO Group Company

'UB Tower', # 24, Vittal Mallya Road, Bangalore - 560 001

Tel +91 80 3985 6500, 2221 0705 | CIN: L01551KA1999PLC024991 | www.diageoindia.com

Unaudited Standalone Statement of Financial Results for the quarter ended June 30, 2021

(INR in Millions except for earnings per share data)

Particulars	3 months ended June 30, 2021	3 months ended March 31, 2021	3 months ended June 30, 2020	Previous year ended March 31, 2021
	Unaudited	Refer note 9	Unaudited	Audited
1 Income				
(a) Revenue from operations	60,619	76,721	38,190	271,764
(b) Other income	106	61	95	478
Total income	60,725	76,782	38,285	272,242
2 Expenses:				
(a) Cost of materials consumed	11,476	9,732	6,243	39,886
(b) Purchase of stock-in-trade	546	1,186	508	3,494
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,076)	1,550	(740)	1,302
(d) Excise duty	44,468	54,477	27,888	192,872
(e) Employee benefits expense	1,874	1,241	1,203	5,404
(f) Finance costs	198	275	499	1,658
(g) Depreciation and amortisation expense	554	670	638	2,493
(h) Others:				
(i) Advertisement and sales promotion	838	1,017	518	5,716
(ii) Loss allowance on trade receivables and other financial assets (net)	50	(31)	656	484
(iii) Other expenses	2,766	3,431	2,690	12,729
Total expenses	59,694	73,548	40,103	266,038
3 Profit / (loss) before exceptional items and tax (1 - 2)	1,031	3,234	(1,818)	6,204
4 Exceptional items, net (Refer Note 6)	(364)	(764)	(750)	(1,514)
5 Profit / (loss) before tax (3 + 4)	667	2,470	(2,568)	4,690
6 Income tax expense / (credit)				
(a) Current tax	241	612	-	1,764
(b) Current tax relating to earlier years	(192)	(20)	-	(37)
(c) Deferred tax charge / (credit)	(73)	205	(415)	(140)
Total tax expense / (credit)	(24)	797	(415)	1,587
7 Profit / (loss) for the period (5 - 6)	691	1,673	(2,153)	3,103
8 Other Comprehensive Income				
A. Items that will be reclassified to profit or loss	-	-	-	-
B. Items that will not be reclassified to profit or loss				
(i) Remeasurements of post-employment benefit plans	-	76	-	76
(ii) Income tax credit / (charge) relating to above	-	(19)	-	(19)
Total other comprehensive income, net of income tax	-	57	-	57
9 Total Comprehensive Income (7 + 8)	691	1,730	(2,153)	3,160
10 Paid up Equity Share Capital (Face value of INR 2/- each)	1,453	1,453	1,453	1,453
11 Other Equity				39,815
12 Earnings/ (loss) per share of INR 2/- each:				
Basic and Diluted (in INR)	0.95	2.30	(2.96)	4.27

UNITED SPIRITS LIMITED

A DIAGEO Group Company

'UB Tower', # 24, Vittal Mallya Road, Bangalore - 560 001

Tel +91 80 3985 6500, 2221 0705 | CIN: L01551KA1999PLC024991 | www.diageoindia.com

Unaudited Consolidated Statement of Financial Results for the quarter ended June 30, 2021

(INR in Millions except for earnings per share data)

	3 months ended June 30, 2021	3 months ended March 31, 2021	3 months ended June 30, 2020	Previous year ended March 31, 2021
	Unaudited	Refer note 9	Unaudited	Audited
1 Income				
(a) Revenue from operations	61,685	76,781	38,207	274,185
(b) Other income	78	46	52	396
Total income	61,763	76,827	38,259	274,581
2 Expenses:				
(a) Cost of materials consumed	11,620	9,624	6,180	39,731
(b) Purchase of stock-in-trade	546	1,186	508	3,494
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,171)	1,602	(702)	1,331
(d) Excise duty	44,468	54,477	27,888	192,872
(e) Employee benefits expense	1,915	1,289	1,240	5,564
(f) Finance costs	254	334	555	1,876
(g) Depreciation, amortisation and impairment expense	743	770	739	2,991
(h) Others:				
(i) Advertisement and sales promotion	861	1,030	525	5,747
(ii) Loss allowance on trade receivables and other financial assets (net)	50	(5)	656	510
(iii) Other expenses	3,511	3,615	2,831	14,409
Total expenses	60,797	73,922	40,420	268,525
3 Profit / (loss) before share of net profit / (loss) in associates, exceptional items and tax (1-2)	966	2,905	(2,161)	6,056
4 Share of net profit / (loss) in associates	-	-	(4)	(13)
5 Profit / (loss) before exceptional items and tax (3+4)	966	2,905	(2,165)	6,043
6 Exceptional items, net (Refer Note 6)	(453)	(95)	(750)	(643)
7 Profit / (loss) before tax (5 + 6)	513	2,810	(2,915)	5,400
8 Income tax expense / (credit)				
(a) Current tax	241	612	-	1,764
(b) Current tax relating to earlier years	(192)	(14)	-	(31)
(c) Deferred tax charge / (credit)	(39)	179	(449)	46
Total tax expense / (credit)	10	777	(449)	1,779
9 Profit / (loss) for the period (7-8)	503	2,033	(2,466)	3,621
10 Other Comprehensive Income				
A. Items that will be reclassified to profit or loss				
(i) Exchange differences on translation of foreign operations	12	1	(2)	15
B. Items that will not be reclassified to profit or loss				
(i) Remeasurements of post-employment benefit plans	-	67	-	67
(ii) Income tax credit / (charge) relating to above	-	(19)	-	(19)
Total other comprehensive income, net of income tax	12	49	(2)	63
11 Total Comprehensive Income (9+10)	515	2,082	(2,468)	3,684
12 Paid up Equity Share Capital (Face value of INR 2/- each)	1,453	1,453	1,453	1,453
13 Other Equity and Non controlling interest				39,136
14(a) Profit/ (loss) attributable to:				
Owners	555	2,087	(2,415)	3,836
Non-controlling interest	(52)	(54)	(51)	(215)
	503	2,033	(2,466)	3,621
14(b) Other comprehensive income attributable to:				
Owners	12	51	(2)	65
Non-controlling interest	-	(2)	-	(2)
	12	49	(2)	63
14(c) Total comprehensive income attributable to: [14(a) + 14(b)]				
Owners	567	2,138	(2,417)	3,901
Non controlling Interest	(52)	(56)	(51)	(217)
	515	2,082	(2,468)	3,684
15 Earnings/ (loss) per share of INR 2/- each:				
[Refer Note below]				
Basic and Diluted (in INR)	0.78	2.94	(3.40)	5.41

Note:

In calculating the weighted outstanding equity shares during all the periods presented under Consolidated Statement of results, Company has reduced its own shares held by USL Benefit Trust (of which the Company is the sole beneficiary).

United Spirits Limited

Notes to the Unaudited Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021

1. United Spirits Limited ('the Company' or 'the Holding Company') is engaged in the business of manufacture, purchase and sale of beverage alcohol and other allied spirits, including through tie-up manufacturing units and through strategic franchising of some of its brands in certain states. In addition, Royal Challengers Sports Private Limited, a subsidiary of the Company, holds the right to the Royal Challengers Bangalore (RCB) cricket franchise of the Indian Premier League (IPL).

The Executive Committee of the Company which has been identified as the Chief Operating Decision Maker of the Company assesses performance and allocates resources for the business of the Group as a whole and hence the management considers Group's business activities as a single operating segment.

2. The consolidated results include the following subsidiaries and a trust controlled by the Company ('the Group'):

Indian subsidiaries:

- Pioneer Distilleries Limited ("PDL")
- Royal Challengers Sports Private Limited
- Sovereign Distilleries Limited
- Tern Distilleries Private Limited (up to January 27, 2021)

Overseas subsidiaries:

- Asian Opportunities and Investments Limited
- Liquidity, Inc. (up to December 18, 2020)
- McDowell & Co. (Scotland) Limited
- Montrose International S.A ("Montrose") (ceased to be a subsidiary w.e.f. April 16, 2021) [Refer Note 4(b)(ii)]
- UB Sports Management Overseas Limited (merged with Palmer Investment Group Limited w.e.f. July 15, 2020)
- Palmer Investment Group Limited
- Shaw Wallace Overseas Limited
- United Spirits (Great Britain) Limited
- United Spirits (Shanghai) Trading Company Limited
- United Spirits Singapore Pte Ltd
- United Spirits (UK) Limited
- USL Holdings Limited
- USL Holdings (UK) Limited

Trust controlled by the Company:

- USL Benefit Trust

The consolidated results also include the Group's share of total comprehensive income (comprising profit / loss for the period and other comprehensive income) of the following associate company:

- Hip Bar Private Limited

3. These Standalone and Consolidated Statements of Financial Results have been prepared in accordance with the applicable Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other accounting principles generally accepted in India.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

4. Historical Matters

(a) Additional Inquiry

As disclosed in each of the annual financial statements commencing from year ended March 31, 2017, upon completion of an inquiry into past improper transactions which was completed in April 2015 ('Initial Inquiry') and which identified references to certain additional parties and certain additional matters, the former MD & CEO, pursuant to the direction of the Board of Directors, had carried out an additional inquiry into past improper transactions ('Additional Inquiry') which was completed in July 2016. The Additional Inquiry prima facie identified transactions indicating actual and potential diversion of funds from the Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appear to be affiliated or associated with the Company's former non-executive chairman, Dr. Vijay Mallya, and other potentially improper transactions. All amounts identified in the Additional Inquiry have been provided for or expensed in the financial statements of the Company or its subsidiaries in prior periods. At this stage, it is not possible for the management to estimate the financial impact on the Company, if any, arising out of potential non-compliance with applicable laws in relation to such fund diversions. There have been no developments during the quarter ended June 30, 2021.

(b) Overseas Subsidiaries Rationalisation

As disclosed in each of the annual financial statements commencing from year ended March 31, 2019, in relation to its subsidiaries and pursuant to its strategic objective of divesting non-core assets, the Company has reviewed its subsidiaries' operations, obligations, and compliances, and as approved by the Board has made plans for their rationalisation through sale, liquidation or merger ("Rationalisation Process").

- i. The Company had sought approval of regulatory authorities for liquidating its wholly owned subsidiaries, USL Holdings Limited (including its three wholly owned step-down overseas subsidiaries USL Holdings (UK) Limited, United Spirits (UK) Limited and United Spirits (Great Britain) Limited). The Board has approved liquidation of Asian Opportunities and Investments Limited, McDowell & Co. (Scotland) Limited, Shaw Wallace Overseas Limited and United Spirits Singapore Pte Ltd, for which the Company is in the process of seeking regulatory approvals for liquidating the said subsidiaries. The Board has also approved the merger of Palmer Investment Group Limited with the Company. On December 01, 2020, the Company received a no-objection letter from the Reserve Bank of India (RBI), for the liquidation of United Spirits (Shanghai) Trading Company Limited and has initiated the liquidation proceedings of this subsidiary, in Shanghai.

The completion of the above liquidations and merger are subject to regulatory and other approvals (in India and overseas). During this Rationalisation Process, if any historical non-compliances are established, the Company will consult with its legal advisors, and address any such issues including, if necessary, considering filing appropriate compounding applications with the relevant authorities. At this stage, it is not possible for the management to estimate the financial impact on the Company, if any, arising out of potential non-compliances with applicable laws, if established.

- ii. On December 01, 2020, the Company received a no-objection letter from the Reserve Bank of India (RBI) for the liquidation of Montrose. Montrose has been liquidated effective April 16, 2021 and an intimation to that effect has been received from the regulatory authorities at Panama on May 5, 2021. Subsequent to the Liquidation an amount of INR 89 million has been repatriated to the Company, which has been accounted as income and presented as an exceptional item in the Statement of Standalone Financial Results for the quarter ended June 30, 2021. Also refer Note 6.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

- iii. Consequent to the above, the financial results of the following subsidiaries have been prepared and consolidated on a liquidation basis (i.e. "break up" basis) (i) USL Holdings Limited, (ii) USL Holdings (UK) Limited, (iii) United Spirits (UK) Limited, (iv) United Spirits (Great Britain) Limited, (v) McDowell & Co. (Scotland) Limited, (vi) Shaw Wallace Overseas Limited (vii) United Spirits (Shanghai) Trading Company Limited (viii) Asian Opportunities and Investments Limited and (ix) United Spirits Singapore Pte Ltd. Accordingly, assets and liabilities of such subsidiaries have been recognised as current at their fair values that approximate to their carrying values as at June 30, 2021. Such re-measurement did not have any material impact on the consolidated financial results.

(c) Loan to United Breweries (Holdings) Limited ('UBHL')

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, the Company had pre-existing loans/ deposits/ advances/ accrued interest that were due to the Company and its subsidiaries from UBHL and its subsidiaries aggregating to INR 13,374 million and that were consolidated into, and recorded as, an unsecured loan through an agreement entered into between the Company and UBHL on July 3, 2013 ('Loan Agreement'). The Company has already made provision in prior financial years for the entire principal amount due, of INR 13,374 million, and for the accrued interest of INR 846 million up to March 31, 2014. The Company has not recognised interest income on said loan after March 31, 2014 which cumulatively amounts to INR 9,015 million up to June 30, 2021. The Company has offset payable to UBHL under the trademark agreement amounting to INR 73 million for the quarter ended June 30, 2021, and consequently, the corresponding provision for loan has been reversed to 'Loss allowance on trade receivables and other financial assets (net)'. The cumulative offset up to June 30, 2021 amounted to INR 2,061 million.

Since UBHL had defaulted on its obligations under the Loan Agreement, the Company sought redressal of disputes and claims through arbitration under the terms of the Loan Agreement. On April 8, 2018, the arbitral tribunal passed a final award against the Company. The reasons for this adverse award were disputed by the Company, and the Company had obtained leave from the High Court of Karnataka to file a challenge against this arbitral award. The Company has on July 6, 2018 filed the petition challenging the said award before the Jurisdictional Court in Bangalore (the "Court"). The Court has issued notice pursuant thereto on the Official Liquidator and the hearing has commenced. Notwithstanding the arbitration award, based on management assessment supported by an external legal opinion, the Company continues to offset payable to UBHL under the trademark agreement against the balance of loan receivable from UBHL. During the quarter ended March 31, 2021, the Official Liquidator and the Company exchanged correspondences.

There have been no developments during the quarter ended June 30, 2021.

(d) Excess managerial remuneration

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, the managerial remuneration for the financial year ended March 31, 2015 aggregating INR 153 million to the former Executive Director and Chief Financial Officer ('ED & CFO'), was approved by the shareholders at the annual general meeting of the Company held on September 30, 2014. The aforesaid remuneration includes amounts paid in excess of the limits prescribed under the provisions of Schedule V to the Act, by INR 134 million. Accordingly, the Company applied for the requisite approval from the Central Government for such excess remuneration which was not approved, and the Company had sought Central Government to reconsider approving the waiver of excess remuneration paid. In light of the findings from the Additional Inquiry, by its letter dated July 12, 2016, the Company withdrew its application for approval of excess remuneration paid to the former ED & CFO and has filed a civil suit before the jurisdictional court to recover the sums from the former ED & CFO during the quarter ended March 31, 2017. Thereafter, there have been no further material developments with respect to this matter.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

(e) Regulatory notices and communications

The Company has previously received letters and notices from various regulatory and other government authorities as follows:

- i. as disclosed in each of the annual financial statements commencing from year ended March 31, 2016, from the Securities Exchange Board of India ('SEBI'), in relation to the Initial Inquiry, Additional Inquiry, and matters arising out of the Agreement dated February 25, 2016, entered into by the Company with Dr. Vijay Mallya to which the Company has responded. No further communications have been received thereafter;
- ii. as disclosed in each of the annual financial statements commencing from year ended March 31, 2016, from the Ministry of Corporate Affairs ('MCA') in relation to its inspection conducted under Section 206(5) of the Companies Act, 2013 during the year ended March 31, 2016 and subsequent show cause notices alleging violation of certain provisions of the Companies Act, 1956 and Companies Act, 2013, to which the Company had responded. The Company had also received a letter dated October 13, 2017 from the Registrar of Companies, Karnataka (the 'Registrar') inviting the Company's attention to the compounding provisions of the Companies Act, 1956 and Companies Act, 2013 following the aforesaid show cause notices. During the year ended March 31, 2018, the Company had filed applications for compounding of offences with the Registrar in relation to three show cause notices, applications for adjudication with the Registrar in relation to two show cause notices, and requested the Registrar to drop one show cause notice based on expert legal advice received. During the quarter ended September 30, 2020, the Company had received an order on the adjudication applications for aforesaid two show cause notices and complied with the said order. During the quarter ended March 31, 2021, the Company had received an order on compounding application for one of the aforesaid show cause notices and has complied with the said order. The penalty and compounding fees arising out of adjudication applications and compounding application are not material. The Company is awaiting a response from the Registrar on the remaining applications. The management is of the view that the financial impact arising out of compounding/ adjudication of these matters will not be material to the Company's results.
- iii. as disclosed in each of the annual financial statements commencing from year ended March 31, 2016, from the Directorate of Enforcement ('ED') in connection with Agreement dated February 25, 2016, entered into by the Company with Dr. Vijay Mallya and investigations under the Foreign Exchange Management Act, 1999 and Prevention of Money Laundering Act, 2002, to which the Company had responded. No further communications have been received thereafter;
- iv. as disclosed in each of the annual financial statements commencing from year ended March 31, 2017, from the Company's authorised dealer banks in relation to certain queries from the Reserve Bank of India ('RBI') with regard to: (A) remittances made in prior years by the Company to its overseas subsidiaries to which the Company has responded to; (B) past acquisition of the Whyte and Mackay group to which the Company has responded to; (C) clarifications/ queries received from the Authorised Dealer from time to time on Annual Performance Reports ('APR') for prior years; to which the Company is in the process of responding and (D) compliances relating to the Company's overseas Branch office, which the Company has duly responded to.

There have been no developments during the quarter ended June 30, 2021.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

(f) Dispute with IDBI Bank Limited

As disclosed in each of the annual financial statements commencing from year ended March 31, 2015, during the year ended March 31, 2014, the Company decided to prepay a term loan taken from IDBI Bank Limited (the “bank”) in earlier years which was secured by certain property, plant and equipment and brands of the Company as well as by a pledge of certain shares of the Company held by the USL Benefit Trust (of which the Company is the sole beneficiary). The Company deposited a sum of INR 6,280 million, including prepayment penalty of INR 40 million, with the bank and instructed the bank to debit the amount from its cash credit account towards settlement of the loan and release the assets and shares pledged by the Company. The bank, however, disputed the prepayment, following which the Company filed a writ petition (“WP”) in November 2013 before the Hon’ble High Court of Karnataka challenging the actions of the bank.

In February 2016, following the original maturity date of the loan, the Company received a notice from the bank seeking to recall the loan and demanding a sum of INR 459 million on account of outstanding principal, accrued interest and other amounts as also further interest till the date of settlement. This notice was challenged by the Company by way of a separate application filed in the pending writ proceedings. The Hon’ble High Court of Karnataka, by an order passed in the said application, directed that, subject to the Company depositing INR 459 million with the bank in a suspense account, the bank should not deal with any of the secured assets including the shares until disposal of the writ petition. The Company deposited the full amount, and the bank was restrained from dealing with any of the secured assets.

In June 2019, a single judge bench of the Hon’ble High Court of Karnataka issued an order dismissing the writ petition filed by the Company, amongst other reasons, on the basis that the matter involved an issue of breach of contract by the Company and was therefore not maintainable in exercise of the court’s writ jurisdiction. The Company disputed the Order and filed an appeal against this order before a division bench of the Hon’ble High Court of Karnataka. During the quarter ended September 30, 2019, the division bench of the Hon’ble High Court of Karnataka reinstated the interim order in the writ petition, thereby granting a stay on the disposal of the secured assets of the Company by the bank. On January 13, 2020, the division bench of the Hon’ble High Court of Karnataka admitted the writ appeal and extended the interim stay.

There have been no further developments in this respect during the quarter ended June 30, 2021. Based on management assessment supported by external legal opinions, the Company continues to believe that it has a strong case on merits and therefore continues to believe that the aforesaid amount of INR 459 million remains recoverable from the bank.

In a separate proceeding before the Debt Recovery Tribunal (DRT), Bengaluru, initiated by a consortium of banks (including the bank) for recovery of the loans advanced by the bank to Kingfisher Airlines Limited (KAL), the bank filed an application for attachment of the pledged shares belonging to USL Benefit Trust. DRT dismissed the said application of the bank. During the quarter ended September 30, 2017, the bank filed an ex-parte appeal before the Debt Recovery Appellate Tribunal (“DRAT”), Chennai against the order of the DRT. During the quarter ended December 31, 2017, following an application by the Company, DRAT has issued an Order impleading the Company in the proceedings. The bank’s appeal is pending for final hearing by DRAT. There have been no developments with respect to this matter during the quarter ended June 30, 2021.

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

(g) Difference in yield of certain non-potable intermediates and associated process losses

As disclosed in each of the annual financial statements commencing from year ended March 31, 2019, the Company came across information suggesting continuing past practices that may have resulted in yields of certain non-potable intermediates and associated process losses in the liquor manufacturing process being higher than what has been reported to the relevant regulatory authorities (the 'Authorities') as per the records being maintained in certain plants (the 'Affected Plants').

With prior information to and engagement with the Authorities, the Company also engaged independent third-party experts to undertake a physical verification of the inventory of intermediates on a sample basis in the Affected Plants and shared these reports with the Authorities. Based on the understanding/discussion with such Authorities and advice received from external legal counsels, the Company has discharged/ provided the amounts of financial obligation (which were determined to be not material) in the financial statements.

Under the direction of the board of directors, the management had engaged an independent law firm to conduct a review of past practices in this area and during the quarter ended June 30, 2019, has taken appropriate action, where a violation of the company's code of business conduct had occurred.

There have been no developments with respect to this matter during the quarter ended June 30, 2021. Management will continue to monitor developments, if any, in this matter.

(h) Developments in Relation to Past Claims from a Customer

In April 2021, a customer notified the Company that it was stopping further payment until pending issues of recovery were resolved. The customer was seeking to review a settled issue regarding differential trade terms, which the Company had voluntarily disclosed to the customer, and in relation to which all recovery claims made by the customer had been fully settled. This was disclosed in detail in the annual financial statements for the years ended March 31, 2017 and March 31, 2018. In June 2021, the customer confirmed that the matter of original recovery was settled (which reaffirms the Company's view), made an additional claim amounting to INR 480 million and committed to resume payments. The Company has responded to the customer and discussions are ongoing with respect to this additional claim. Further to this latest communication, the Company has made a provision of INR 353 million (net), which has been presented as an exceptional item in the Standalone and Consolidated Results for the quarter ended June 30, 2021. The Company does not expect any further claim from the customer in relation to this matter. Also refer note 6.

5. Proposed merger of Pioneer Distilleries Limited with United Spirits Limited

The Board of Directors ("Board") of PDL and of the Company at their meetings held on December 2, 2019 considered and approved a scheme of amalgamation and arrangement (the "Scheme") in relation to the proposed merger of PDL with the Company under Sections 230 – 232 and other applicable provisions of the Companies Act, 2013 and the rules thereunder. Upon completion of the merger, the non-promoter shareholders of PDL will receive 10 equity shares of the Company (face value of INR 2 each) for every 47 equity shares of PDL (face value of INR 10 each), held by them as on the record date. Post the merger, the Company's issued capital is expected to expand by 712,138 shares and the revised shareholding of Relay BV (the holding company, a subsidiary of Diageo plc) in the Company will change from 55.94% to 55.88%. The Scheme is subject to the receipt of requisite approvals from the relevant statutory authorities and the respective shareholders and creditors of PDL and of the Company. The BSE Limited and the National Stock Exchange of India Limited have issued their no-objection to the draft scheme and related documents filed, vide observation letters dated October 21, 2020 and October 22, 2020, respectively. The Company, jointly with PDL, has filed an application under Sections 230 to 232 of the Companies Act, 2013 on November 27, 2020 with the National Company Law Tribunal, Bangalore ("NCLT"), and again an Interlocutory Application was filed before NCLT on April 7, 2021.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

6. Exceptional items

Amount in INR Million			
Sl. No	Description	Quarter ended June 30, 2021 Income / (Expense)	
		Standalone	Consolidated
1	Remittance upon liquidation of a subsidiary [Refer Note 4(b)(ii)]	89	-
2	Commitment towards support for improving healthcare infrastructure [Refer Note 7]	(100)	(100)
3	Provision for claim from a customer (net) [Refer Note 4(h)]	(353)	(353)
	Total	(364)	(453)

7. Impact of Covid-19

Once the lockdown due to Covid-19 pandemic was lifted in May 2020, Management had taken appropriate actions to scale up the Group's manufacturing to the levels prior to Covid-19 across all locations. Both off-trade and on-trade sales also gradually resumed across the country. Temporary disruptions have occurred from time to time during the pendency of curfew or lockdown restrictions, including as a result of the recent surge in the spread of Covid-19 in India during the quarter ended June 30, 2021.

With respect to the Company's subsidiary, Royal Challengers Sports Private Limited, Indian Premier League 2021, which commenced on April 09, 2021 was suspended on May 04, 2021 until further notice.

The Group has a prudent liquidity risk management policy for maintenance of required cash and / or has access to funds through adequate unutilised sanctioned borrowing limits from banks and is confident of servicing its debt obligations as they fall due. Based on the management's assessment, no material impact on the carrying amounts of current and non-current assets (including financial assets) is expected. The Group had assessed its existing controls and internal financial reporting processes and made appropriate changes, as required, in view of the situation arising due to Covid-19 pandemic. Group continues to review its contracts/ arrangements and does not expect any material impact on account of non-fulfilment of the obligations by any party.

Management has considered various internal and external information available up to the date of approval of financial results in assessing the impact of Covid-19 pandemic on the Standalone and Consolidated Financial Results for the quarter ended June 30, 2021. The Company continues to maintain a positive outlook for the remainder of the financial year and will continue to monitor changes in future economic conditions.

With recent surge in the spread of the Covid-19 pandemic in India, the Company has committed to spend INR 100 million towards improving health infrastructure of Government hospitals and institutions. The amount of INR 100 million has been recorded and presented as an exceptional item in the Statements of Standalone and Consolidated Financial Results for the quarter ended June 30, 2021. Also refer Note 6.

United Spirits Limited

Notes to the Standalone and Consolidated Statements of Financial Results for the quarter ended June 30, 2021 – Contd.

8. The Company has initiated a strategic review of selected brands in the Company's "Popular" segment of brands, continuing the strategy towards long-term profitable growth through premiumising the company's portfolio. The Company's Popular portfolio comprises around 30 brands and the strategic review focuses on approximately half of this portfolio by volume. This review does not include the McDowell's or Director's Special trademarks. The strategic review is expected to be completed by December 31, 2021. The Company believes that there is no impact on account of this strategic review on the Standalone and Consolidated Financial Results for the quarter ended June 30, 2021.
9. Figures for the quarters ended March 31, 2021 are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the third quarter of the previous financial year, as adjusted for certain regroupings/ reclassifications, where considered necessary.
10. The comparative figures for the previous periods presented have been regrouped/ reclassified where considered necessary, to conform with the current period's presentation for the purpose of comparability.
11. The Statement of Standalone and Consolidated Financial Results for the quarter ended June 30, 2021 have been reviewed by the Audit Committee of the Company and approved by the Board of Directors of the Company at their meetings held on July 23, 2021.

By authority of the Board

**DIBYENDU
MAJUMDER** Digitally signed by
DIBYENDU MAJUMDER
Date: 2021.07.23
17:13:04 +05'30'

Place: Bengaluru
Date: July 23, 2021

**HINA
NAGARAJAN** Digitally signed by
HINA NAGARAJAN
Date: 2021.07.23
16:34:16 +05'30'

Hina Nagarajan
Managing Director and Chief Executive Officer

Price Waterhouse & Co Chartered Accountants LLP

Review Report

To
The Board of Directors
United Spirits Limited
UB Tower
#24 Vittal Mallya Road
Bengaluru 560 001

1. We have reviewed the unaudited consolidated financial results of United Spirits Limited (hereinafter referred to as the “Holding Company”), its subsidiaries and a trust controlled by it (together referred to as the “Group”), and its associate company (refer note 2 to the Unaudited Consolidated Financial Results) for the quarter ended June 30, 2021 which are included in the accompanying ‘Unaudited Consolidated Statement of Financial Results for the quarter ended June 30, 2021’ together with the notes thereon (hereinafter referred to as the “Consolidated Financial Results”). The Consolidated Financial Results is being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”).
2. This Consolidated Financial Results, which is the responsibility of the Holding Company’s Management and approved by the Holding Company’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Consolidated Financial Results based on our review.
3. We conducted our review of the Consolidated Financial Results in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Consolidated Financial Results is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, to the extent applicable.

*Price Waterhouse & Co Chartered Accountants LLP, 5th Floor, Tower ‘D’, The Millenia, 1 & 2 Murphy Road
Ulsoor, Bangalore-560 008
T: +91 (80) 4079 5000, F: +91 (80) 4079 5222*

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLP

To the Board of Directors of United Spirits Limited
Report on the Consolidated Financial Results
Page 2 of 4

5. The Consolidated Financial Results includes the financial results of the following entities:

Indian subsidiaries:

- Pioneer Distilleries Limited
- Royal Challengers Sports Private Limited
- Sovereign Distilleries Limited
- Tern Distilleries Private Limited (ceased to be a subsidiary from January 27, 2021)

Overseas subsidiaries:

- Asian Opportunities and Investments Limited
- Liquidity, Inc. (ceased to be a subsidiary from December 18, 2020)
- McDowell & Co. (Scotland) Limited
- Montrose International S.A (Liquidated on April 16, 2021)
- Palmer Investment Group Limited
- Shaw Wallace Overseas Limited
- UB Sports Management Overseas Limited (merged with Palmer Investment Group Limited with effect from July 15, 2020)
- United Spirits (Great Britain) Limited
- United Spirits (Shanghai) Trading Company Limited
- United Spirits Singapore Pte Ltd
- United Spirits (UK) Limited
- USL Holdings Limited
- USL Holdings (UK) Limited

Trust controlled by the Holding Company:

- USL Benefit Trust

The Consolidated Financial Results also includes the Group's share of total comprehensive income (comprising profit/(loss) for the period and other comprehensive income) of the following associate company:

- Hip Bar Private Limited

6. Based on our review conducted and procedures performed as stated in paragraphs 3 and 4 above, nothing has come to our attention that causes us to believe that the accompanying Consolidated Financial Results has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Price Waterhouse & Co Chartered Accountants LLP

To the Board of Directors of United Spirits Limited
Report on the Consolidated Financial Results
Page 3 of 4

7. We draw your attention to the following matters:

- a) As explained in Note 4(a) to the Consolidated Financial Results, upon completion of the Initial Inquiry which identified references to certain Additional Parties and certain Additional Matters, the former MD & CEO of the Holding Company, pursuant to the direction of the Board of Directors of the Holding Company, had carried out an Additional Inquiry that revealed transactions indicating actual and potential diversion of funds from the Holding Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appear to be affiliated or associated with the Holding Company's erstwhile non-executive Chairman and other potentially improper transactions. The amounts identified in the Additional Inquiry have been fully provided for or expensed by the Holding Company and/or its subsidiaries in earlier periods. Management is currently unable to estimate the financial impact on the Holding Company, if any, arising from potential non-compliances with applicable laws in respect of the above.
- b) As explained in Note 4(b)(i) to the Consolidated Financial Results, the Group has commenced the rationalization process for divestment/ liquidation/ merger of certain overseas subsidiaries including step down subsidiaries. The completion of the above process is subject to regulatory and other approvals (in India and overseas). At this stage, it is not possible for the management to estimate the financial impact on the Holding Company, if any, arising out of potential historical non-compliances with applicable laws, if established.
- c) As explained in Note 4(b)(iii) to the Consolidated Financial Results, consequent to the rationalisation process initiated by the Group in respect of 9 overseas subsidiaries including step down subsidiaries, the financial results of such subsidiaries included in the Consolidated Financial Results have been prepared on a liquidation basis. Accordingly, the assets and liabilities of such subsidiaries have been recognized as current at their fair values that approximate their carrying values as at June 30, 2021.
- d) As explained in Note 4(d) to the Consolidated Financial Results, the Managerial remuneration for the year ended March 31, 2015 included an amount paid in excess of the limit prescribed under the provisions of Schedule V to the Act by INR 134 million to the former Executive Director and Chief Financial Officer (ED & CFO) of the Holding Company. The Holding Company has initiated steps, including by way of filing a suit for recovery before the jurisdictional court, to recover such excess remuneration from the former ED & CFO of the Holding Company.
- e) Note 4(e) to the Consolidated Financial Results, which describes the various regulatory notices and communications received from Securities Exchange Board of India ('SEBI'), Ministry of Corporate Affairs ('MCA')/ Registrar of Companies, Karnataka (the 'Registrar'), Directorate of Enforcement ('ED') to which the Holding Company has responded to and communications received from the Holding Company's authorised dealer banks ('AD') to which the Holding Company has responded to/ is in the process of responding.

Price Waterhouse & Co Chartered Accountants LLP

To the Board of Directors of United Spirits Limited
Report on the Consolidated Financial Results
Page 4 of 4

- f) Note 4(f) to the Consolidated Financial Results which describes the uncertainty relating to the final outcome of litigations with a bank ("the bank") that continues to retain the pledge of certain assets of the Holding Company and of the Holding Company's shares held by USL Benefit Trust (of which the Holding Company is the sole beneficiary) despite the Holding Company prepaying the term loan to that bank along with the prepayment penalty and further depositing an additional sum of INR 459 million demanded by the bank and as directed by the Hon'ble High Court of Karnataka (the "Court"). Based on management assessment supported by external legal opinions, the Holding Company has disclosed the aforesaid amount of INR 459 million under Other Non-current financial assets as recoverable from the bank pending the final outcome of the litigation. In a separate proceeding before the Debt Recovery Appellate Tribunal, the bank's appeal against the judgement awarded by Debt Recovery Tribunal in favour of the Holding Company in respect of attachment of the aforesaid pledged shares for recovery of the loans advanced by the bank to Kingfisher Airlines Limited is pending disposal.
- g) As explained in Note 4(g) to the Consolidated Financial Results, the Holding Company, during the year ended March 31, 2019, came across information suggesting continuing past practices resulting in differences in reporting to the relevant Regulatory Authorities of yields of certain non-potable intermediates and associated process losses in the liquor manufacturing process. Related actions taken and monitoring of future development by the Holding Company in this respect have been described in the said note.
8. The Consolidated Financial Results includes the financial results of 11 subsidiaries and a trust controlled by the Group which have not been reviewed by their auditors and whose financial results reflect total revenue of Nil, total net loss after tax of INR 6 million and total comprehensive loss of INR 6 million for the quarter ended June 30, 2021. The Consolidated Financial Results also includes the Group's share of net profit after tax of Nil and total comprehensive income of Nil for the quarter ended June 30, 2021, as considered in the Consolidated Financial Results, in respect of an associate company, based on its financial information which has not been reviewed by its auditors. According to the information and explanations given to us by the Management, the financial information of the aforesaid subsidiaries, trust and the associate company are not material to the Group.

Our conclusion on the Consolidated Financial Results is not modified in respect of the matters described in paragraphs 7 and 8 above.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

DIBYENDU  Digitally signed by
DIBYENDU MAJUMDER
Date: 2021.07.23
17:17:52 +05'30'

Dibyendu Majumder
Partner

Membership Number: 057687
UDIN: 21057687AAAABF1994

Place: Bengaluru
Date: July 23, 2021

Price Waterhouse & Co Chartered Accountants LLP

Review Report

To
The Board of Directors
United Spirits Limited
UB Tower
#24 Vittal Mallya Road
Bengaluru – 560 001

1. We have reviewed the unaudited financial results of United Spirits Limited (the “Company”) for the quarter ended June 30, 2021 which are included in the accompanying ‘Unaudited Standalone Statement of Financial Results for the quarter ended June 30, 2021’ together with the notes thereon (hereinafter referred to as the “Standalone Financial Results”). The Standalone Financial Results has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”).
2. This Standalone Financial Results, which is the responsibility of the Company’s Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Standalone Financial Results based on our review.
3. We conducted our review of the Standalone Financial Results in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Standalone Financial Results is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Standalone Financial Results has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

*Price Waterhouse & Co Chartered Accountants LLP, 5th Floor, Tower ‘D’, The Millenia, 1 & 2 Murphy Road
Ulsoor, Bangalore-560 008
T: +91 (80) 4079 5000, F: +91 (80) 4079 5222*

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLP

To the Board of Directors of United Spirits Limited
Report on the Standalone Financial Results
Page 2 of 3

5. We draw your attention to the following matters:

- a. As explained in Note 4(a) to the Standalone Financial Results, upon completion of the Initial Inquiry, which identified references to certain Additional Parties and certain Additional Matters, the former MD & CEO, pursuant to the direction of the Board of Directors, had carried out an Additional Inquiry that revealed transactions indicating actual and potential diversion of funds from the Company and its Indian and overseas subsidiaries to, in most cases, Indian and overseas entities that appear to be affiliated or associated with the Company's erstwhile non-executive Chairman and other potentially improper transactions. The amounts identified in the Additional Inquiry have been fully provided for or expensed by the Company and/or its subsidiaries in earlier periods. Management is currently unable to estimate the financial impact on the Company, if any, arising from potential non-compliances with applicable laws in respect of the above.
- b. As explained in Note 4(b)(i) to the Standalone Financial Results, the Company has commenced the rationalisation process for divestment/ liquidation/ merger of certain overseas subsidiaries including step down subsidiaries. The completion of the above process is subject to regulatory and other approvals (in India and overseas). At this stage, it is not possible for the management to estimate the financial impact on the Company, if any, arising out of potential historical non compliances with applicable laws, if established.
- c. As explained in Note 4(d) to the Standalone Financial Results, the Managerial remuneration for the year ended March 31, 2015 included an amount paid in excess of the limit prescribed under the provisions of Schedule V to the Act by INR 134 million to the former Executive Director and Chief Financial Officer (ED & CFO). The Company has initiated steps, including by way of filing a suit for recovery before the jurisdictional court, to recover such excess remuneration from the former ED & CFO.
- d. Note 4(e) to the Standalone Financial Results, which describes the various regulatory notices and communications received from Securities Exchange Board of India ('SEBI'), Ministry of Corporate Affairs ('MCA')/ Registrar of Companies, Karnataka (the 'Registrar'), Directorate of Enforcement ('ED') to which the Company has responded to and communication received from the Company's authorised dealer banks ('AD') to which the Company has responded to/ is in the process of responding.

Price Waterhouse & Co Chartered Accountants LLP

To the Board of Directors of United Spirits Limited
Report on the Standalone Financial Results
Page 3 of 3

- e. Note 4(f) to the Standalone Financial Results, which describes the uncertainty relating to the final outcome of litigations with a bank ("the bank") that continues to retain the pledge of certain assets of the Company and of the Company's shares held by USL Benefit Trust (of which the Company is the sole beneficiary) despite the Company prepaying the term loan to that bank along with the prepayment penalty and further depositing an additional sum of INR 459 million demanded by the bank and as directed by the Hon'ble High Court of Karnataka (the "Court"). Based on management assessment supported by external legal opinions, the Company has disclosed the aforesaid amount of INR 459 million under Other Non-current financial assets as recoverable from the bank pending the final outcome of the litigation. In a separate proceeding before the Debt Recovery Appellate Tribunal, the bank's appeal against the judgement awarded by Debt Recovery Tribunal in favour of the Company in respect of attachment of the aforesaid pledged shares for recovery of the loans advanced by the bank to Kingfisher Airlines Limited is pending disposal.
- f. As explained in Note 4(g) to the Standalone Financial Results, the Company, during the year ended March 31, 2019, came across information suggesting continuing past practices resulting in differences in reporting to the relevant Regulatory Authorities of yields of certain non-potable intermediates and associated process losses in the liquor manufacturing process. Related actions taken and monitoring of future development by the Company in this respect have been described in the said note.

Our conclusion is not modified in respect of the matters described in paragraph 5 above.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 304026E/ E- 300009
Chartered Accountants

DIBYENDU  Digitally signed by
DIBYENDU MAJUMDER
Date: 2021.07.23
17:14:42 +05'30'

Dibyendu Majumder

Partner

Membership Number: 057687

UDIN: 21057687AAAABE3040

Place: Bengaluru
Date: July 23, 2021

PIONEER DISTILLERIES LIMITED

Level 10, UB Tower, #24 Vittal Mallya Road, Bengaluru 560 001

Tel: +91 80 2221 0705, Fax: +91 80 3985 6862 | www.pioneerdistilleries.com | CIN: L24116KA1992PLC125992

Statement of Unaudited Financial Results for the quarter ended June 30, 2021

INR in Lakhs except for earnings per share data

PARTICULARS		3 months ended June 30, 2021	3 months ended March 31, 2021	3 months ended June 30, 2020	Year ended March 31, 2021
		Unaudited	Refer Note 8	Unaudited	Audited
1	Income				
	(a) Revenue from operations	3,695	5,135	3,294	16,740
	(b) Other income	75	75	75	301
	Total income	3,770	5,210	3,369	17,041
2	Expenses				
	(a) Cost of materials consumed	3,769	3,289	2,319	12,993
	(b) Changes in inventories of work-in-progress and finished goods	(868)	539	374	316
	(c) Employee benefits expense	376	365	297	1,284
	(d) Finance costs	836	805	832	3,213
	(e) Depreciation expense	842	887	809	3,314
	(f) Allowance for government grant (net)	-	266	-	266
	(g) Other expenses	879	1,196	751	4,312
	Total expenses	5,834	7,347	5,382	25,698
3	Profit / (loss) before exceptional items and taxation (1-2)	(2,064)	(2,137)	(2,013)	(8,657)
4	Exceptional items (net)	-	-	-	-
5	Profit / (loss) before taxation (3+4)	(2,064)	(2,137)	(2,013)	(8,657)
6	Income tax expense				
	(a) Taxes relating to earlier years (MAT)	-	-	-	-
	(b) Deferred tax charge / (credit)	-	-	-	-
	(c) MAT credit utilised / (availed)	-	-	-	-
7	Profit / (loss) for the period (5-6)	(2,064)	(2,137)	(2,013)	(8,657)
8	Other comprehensive income / (loss)				
	<i>Items that will not be reclassified to profit or loss</i>				
	Remeasurements of post-employment benefit obligations	-	(80)	-	(80)
	Income tax credit / (charge) relating to these items	-	-	-	-
	Other comprehensive income / (loss) for the period, net of tax	-	(80)	-	(80)
9	Total comprehensive income / (loss) (7+8)	(2,064)	(2,217)	(2,013)	(8,737)
10	Paid-up equity share capital (Face value of INR 10 each)	1,339	1,339	1,339	1,339
11	Earnings / (loss) per share of INR 10 each (not annualised)				
	Basic and diluted (Amounts in INR)	(15.42)	(15.96)	(15.04)	(64.66)

PIONEER DISTILLERIES LIMITED

Statement of Unaudited Financial Results for the quarter ended June 30, 2021

Notes:

1. Pioneer Distilleries Limited ('the Company') is primarily engaged in the business of manufacturing and selling Extra Neutral Alcohol, Malt Spirit, and allied products along with Indian Made Foreign Liquor ('IMFL') bottling operations. Since the entire business of the Company is evaluated and reviewed by the Chief Operating Decision Maker as one reportable segment, the management considers this as a single reportable segment.
2. This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
3. The Company is entitled to certain government grants from the State of Maharashtra for setting up projects in notified rural areas under two phases. These grants are receivable in the form of VAT refunds. The Company had assessed the timing of cash inflows since initial recognition and had recognised an allowance of INR 1,686 lakhs in an earlier year. Further, considering the impact of COVID-19, Management had estimated a delay in recovering the money from the state government. In line with the expected credit loss (ECL) calculation, an additional allowance of INR 266 Lakhs was accounted in the quarter ended March 31, 2021. Management does not foresee any further allowance in the current quarter.
4. The Board of Directors ("Board") of United Spirits Limited ("USL") and the Company at their respective meetings held on December 2, 2019 considered and approved a scheme of amalgamation and arrangement (the "Scheme") in relation to the proposed merger of the Company with USL under Sections 230 to 232 and the other applicable provisions of the Companies Act, 2013 and the rules thereof. Upon completion of the merger, the non-promoter shareholders of the Company will receive 10 equity shares of USL (face value of INR 2 each) for every 47 shares (face value of INR 10 each), held by them as on the record date. The Scheme is subject to the receipt of requisite approvals from the relevant statutory authorities and respective shareholders and creditors of USL and the Company. The BSE Limited and the National Stock Exchange of India Limited have issued their no-objection to the draft Scheme and related documents filed, vide observation letters dated October 21, 2020 and October 22, 2020, respectively. The Company, jointly with USL, has filed an application under Sections 230 to 232 of the Companies Act, 2013 on November 27, 2020 with the National Company Law Tribunal, Bangalore ("NCLT"), and again an Interlocutory Application was filed before NCLT on April 7, 2021.
5. The Company has a tie-up manufacturing agreement with USL. In terms of this agreement, the Company manufactures, under USL's supervision, brands owned and marketed by USL. Under Ind-AS 115 'Revenue from contracts with customers', the Company has assessed its relationship with USL to be that of an agent. Control of the activities rest with USL. Further, under the arrangement, the Company is entitled to bottling fees which is determined based on output and volume and has accordingly –
 - a. recorded the income under tie-up manufacturing agreement which is included in Revenue from operations as detailed below:

INR in lakhs

	Three Months Ended			Year Ended
	June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
Income under tie -up manufacturing agreement	220	182	164	954

- b. gross sales, excise duty and cost of goods sold (the net impact of which is nil) as indicated below in the respect of these operations are not included in the Statement of Unaudited Financial Results.

	Three Months Ended			Year Ended
	June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
Gross sales	13,495	14,332	10,817	69,517
Excise duty	(9,723)	(10,327)	(7,798)	(50,101)
Cost of goods sold	(3,772)	(4,005)	(3,019)	(19,416)
Net impact	-	-	-	-

6. During the quarter ended September 30, 2020, the Company has entered into a “Supply Agreement” with USL for sale of malt spirit including maturation thereof. As per the terms of the agreement, the evaporation loss during the maturation process is recovered from USL. In addition, subsequent outflow in connection with the evaporation loss, if any, will be reimbursed by USL. The Company has assessed the recovery of such outflow amounting to INR 77 lakhs for the quarter to be in the nature of cost to cost reimbursement and not revenue.
7. Once the lockdown due to COVID-19 pandemic was lifted in May 2020, Management had taken appropriate actions to scale up the manufacturing to the levels prior to COVID-19. As a result, the operations of the Company stabilized during the previous year post COVID-19. Temporary disruptions have occurred from time to time during the pendency of curfew or lockdown restrictions, including as a result of the recent surge in the spread of COVID-19 in India during the quarter ended June 30, 2021.

The Company has made an assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets as at June 30, 2021 and does not foresee any material impact on account of COVID-19. The Company assessed its existing controls and internal financial reporting processes and made appropriate changes, as required, in view of the situation arising due to COVID-19, which have largely been reinstated to the original controls and processes. The Company has also reviewed its contracts / arrangements and does not expect any material impact on account of non-fulfilment of the obligations by any party.

Management has considered various internal and external information available up to the date of approval of the financial results in assessing the impact of COVID-19 on the results for the quarter ended June 30, 2021 and no material impact is expected, but the Company will continue to monitor changes in future economic conditions, as they arise.

8. The figures for the quarters ended March 31, 2021, are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to the third quarter of the financial year, as adjusted for certain regroupings/ reclassifications, where considered necessary.
9. Previous period's figures have been regrouped / reclassified to conform to the current period's presentation for the purpose of comparability.
10. This Statement of Unaudited Financial Results has been reviewed by the Audit and Risk Management Committee of the Board of Directors and approved by the Board of Directors at their respective meeting held on July 20, 2021.

Place: Bengaluru
Date: July 20, 2021

By authority of the Board

ALOKESH
BISWAS

Alokesh Biswas
Managing Director
DIN: 08756326

Digitally signed by
ALOKESH BISWAS
Date: 2021.07.20
16:02:37 +05'30'

Price Waterhouse & Co Chartered Accountants LLP

Review Report

To
The Board of Directors
Pioneer Distilleries Limited
Level 10, UB Tower
#24 Vittal Mallya Road
Bengaluru – 560 001

1. We have reviewed the unaudited financial results of Pioneer Distilleries Limited (the "Company") for the quarter ended June 30, 2021, which are included in the accompanying "Statement of Unaudited Financial Results for the quarter ended June 30, 2021" (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

SHIVAKUMAR

RAJGOPAL HEGDE

Digitally signed by SHIVAKUMAR
RAJGOPAL HEGDE
Date: 2021.07.20 16:13:49 +05'30'

Shivakumar Hegde

Partner

Membership Number: 204627

UDIN: 21204627AAAACI5344

Bengaluru
July 20, 2021

Price Waterhouse & Co Chartered Accountants LLP, 5th Floor, Tower 'D', The Millenia, 1 & 2 Murphy Road
Ulsoor, Bangalore-560 008

T: +91 (80) 4079 5000, F: +91 (80) 4079 5222

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E).

United Spirits Limited

Registered Office:
UB Tower
#24 Vittal Mallya Road
Bengaluru 560 001
Tel: +91 80 2221 0705
Fax: +91 80 3985 6862
www.diageoindia.com

REPORT BY THE BOARD OF DIRECTORS OF UNITED SPIRITS LIMITED ON THE SCHEME OF AMALGAMATION AND ARRANGEMENT IN RELATION TO THE PROPOSED MERGER OF PIONEER DISTILLERIES LIMITED (TRANSFEROR COMPANY) WITH UNITED SPIRITS LIMITED (TRANSFeree COMPANY), AT THE MEETING HELD ON DECEMBER 2, 2019

I. Background

The board of directors of United Spirits Limited (the “**Company**”) at its meeting held on December 2, 2019 considered and approved the scheme of amalgamation and arrangement in relation to the proposed merger of Pioneer Distilleries Limited (“**PDL**”) with the Company (the “**Scheme**”) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the “**Companies Act**”) and the rules thereof.

Pursuant to Section 232(2)(c) of the Companies Act, the board of directors of the companies involved in a scheme of merger / arrangement are required to adopt a report explaining the effect of the scheme on each class of shareholders, key managerial personnel, promoters, and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties. Such report is required to be circulated to the shareholders and the creditors of the relevant companies.

Accordingly, this Report has been prepared in accordance with the requirements of Section 232(2)(c) of the Companies Act. While deliberating on the Scheme at the meeting held on December 2, 2019, the following documents were placed before the board of directors of the Company and were considered and taken on record:

1. draft Scheme duly initialled by the Company Secretary of the Company for the purpose of identification;
2. valuation report dated December 2, 2019, prepared by SRBC & Co LLP, an independent chartered accountant, and valuation report dated December 2, 2019, prepared by Manuj Singhal, Registered Valuer, setting out the recommended share exchange ratio (the “**Valuation Reports**”);
3. fairness opinion dated December 2, 2019, prepared by Pantomath Capital Advisors (Private) Limited, a SEBI registered merchant banker, providing the fairness opinion on the share exchange ratio (the “**Fairness Opinion**”);
4. report of the audit committee of the directors dated December 2, 2019; and
5. a draft certificate from the statutory auditors of the Company, Price Waterhouse & Co. Chartered Accountants LLP, confirming that the accounting treatment as specified in the draft Scheme is in compliance with the applicable Accounting Standards notified under the Companies Act and other generally accepted accounting principles (“**Auditors’ Certificate**”).




II. Effect of the proposed Scheme**1. Shareholders**

Upon coming into effect of the Scheme and in consideration for the amalgamation, the Company shall, without any further application or deed, issue and allot its equity shares, credited as fully paid up, to all the equity shareholders holding fully paid up equity shares of PDL whose names appear in the register of members of PDL and / or whose names appear as the beneficial owner of the shares of PDL in the records of the depository, as on the record date, to be fixed for the purpose of reckoning names of the equity shareholders of PDL ("**PDL Shareholders**").

The equity shares of the Company to be allotted to the members of PDL shall be allotted in the following ratio: 10 (Ten) fully paid up equity shares of face value Rs. 2 (Rupees two only) each of the Company, to be issued for every 47 (Forty Seven) fully paid up equity shares of face value Rs. 10 (Rupees ten only) each held by the PDL Shareholders.

The equity shares held by the Company in PDL shall stand cancelled as an integral part of the Scheme and no equity shares of the Company shall be allotted in respect of such equity shares. The 62,400 forfeited shares of PDL shall stand extinguished and cancelled and an amount of Rs. 3,12,000 shall be transferred to the head 'Capital Reserve' in the financial statement of the Company.

The authorised share capital of PDL shall be deemed to be added to the authorized share capital of the Company in the manner as enumerated in Clause 15 of the proposed Scheme. Accordingly, Clause V of the memorandum of association of the Company shall be altered.

The amalgamation will result in dilution of holding of the existing shareholders of the Company by approximately 0.1 % on such expanded capital due to such additional issue of shares and of the promoters of the Company by 0.06 %, and in turn result in an increase in the public float of the Company's shares by 0.06 %. This will in turn increase the free float of the shares of the Company.

2. Promoters

Refer to point 1 above for details regarding the effect on the shareholders.

The promoters of the Company, subject to applicable laws, from time to time, shall continue to remain promoters after the Scheme becomes effective.

3. Non-Promoter Shareholders

Refer to point 1 above for details regarding the effect on the non – promoter shareholders.

4. Employees (including key managerial personnel)

No rights of the staff or the employees of the Company are being affected as a result of the proposed Scheme.

5. Creditors

Under the proposed Scheme, there is no arrangement with the creditors of the Company. No compromise is offered under the proposed Scheme to any of the creditors of the Company. The liability towards the creditors of the Company is being neither reduced nor extinguished and consequently, the creditors of the Company will not be affected in any manner by the proposed Scheme.



6. Directors

The directors of the Company or their relatives do not have any other interest in the proposed Scheme except to the extent of their shareholding, if any. Further, none of the directors and / or relatives of the directors of the Company are concerned or interested, financially or otherwise, in the proposed Scheme.

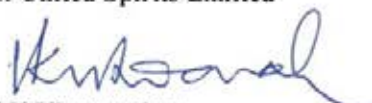
III. Valuation

The Valuation Reports have been obtained from SRBC & Co LLP and Manuj Singhal. No special valuation difficulties were reported. Further, the Fairness Opinion has also opined that the share exchange ratio is fair to the shareholders from a financial point of view.

IV. Adoption of the Report by the Directors

The Board of Directors of the Company have adopted this Report after noting and considering the information set forth in this Report. The Board of Directors or any duly authorized committee is entitled to make relevant modifications to this Report, if required and such modifications or amendments shall be deemed to form part of this Report. The Board of Directors of the Company approved the Scheme and the share exchange ratio and have recommended the same to the shareholders of the Company for their approval.

**Certified True Copy
for United Spirits Limited**



V K Viswanathan
Director
(DIN: 01782934)
'UB Tower' # 24 Vittal Mallya Road,
Bengaluru- 560 001

Pioneer Distilleries Limited
Subsidiary of United Spirits Limited

Registered Office:
UB Tower, Level 10
#24 Vittal Mallya Road,
Bengaluru 560 001
Tel: +91 80 2221 0705
Fax: +91 80 3985 6862
info@pioneerdistilleries.com

REPORT BY THE BOARD OF DIRECTORS OF PIONEER DISTILLERIES LIMITED ON THE SCHEME OF AMALGAMATION AND ARRANGEMENT IN RELATION TO THE PROPOSED MERGER OF PIONEER DISTILLERIES LIMITED (TRANSFEROR COMPANY) WITH UNITED SPIRITS LIMITED (USL / TRANSFEREE COMPANY), AT THE MEETING HELD ON DECEMBER 2, 2019

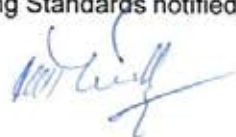
I. Background

The board of directors of Pioneer Distilleries Limited (the "**Company**") at its meeting held on December 2, 2019 considered and approved the scheme of amalgamation and arrangement in relation to the proposed merger of the Company ("**PDL**") with United Spirits Limited (the "**Scheme**") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "**Companies Act**") and the rules thereof.

Pursuant to Section 232(2)(c) of the Companies Act, the board of directors of the companies involved in a scheme of merger / arrangement are required to adopt a report explaining the effect of the scheme on each class of shareholders, key managerial personnel, promoters, and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties. Such report is required to be circulated to the shareholders and the creditors of the relevant companies.

Accordingly, this Report has been prepared in accordance with the requirements of Section 232(2)(c) of the Companies Act. While deliberating on the Scheme at the meeting held on December 2, 2019, the following documents were placed before the board of directors of the Company and were considered and taken on record:

1. draft Scheme duly initialled by the Company Secretary of the Company for the purpose of identification;
2. valuation report dated December 2, 2019, prepared by SRBC & Co LLP, an independent chartered accountant, and valuation report dated December 2, 2019, prepared by Manuj Singhal, registered valuer, setting out the recommended share exchange ratio (the "**Valuation Reports**");
3. fairness opinion dated December 2, 2019, prepared by Saffron Capital Advisors Private Limited, a SEBI registered merchant banker, providing the fairness opinion on the share exchange ratio (the "**Fairness Opinion**");
4. report of the audit committee of the directors dated December 2, 2019; and
5. a draft certificate from the statutory auditors of the Company, Price Waterhouse & Co. Chartered Accountants LLP, confirming that the accounting treatment as specified in the draft Scheme is in compliance with the applicable Accounting Standards notified under the



Companies Act and other generally accepted accounting principles ("Auditors' Certificate").

II. Effect of the proposed Scheme

1. Shareholders

Upon coming into effect of the Scheme and in consideration for the amalgamation, the Company shall, without any further application or deed, issue and allot its equity shares, credited as fully paid up, to all the equity shareholders holding fully paid up equity shares of PDL whose names appear in the register of members of PDL and / or whose names appear as the beneficial owner of the shares of PDL in the records of the depository, as on the record date, to be fixed for the purpose of reckoning names of the equity shareholders of PDL ("PDL Shareholders").

The equity shares of the Company to be allotted to the members of PDL shall be allotted in the following ratio: 10 (Ten) fully paid up equity shares of face value Rs. 2 (Rupees two only) each of the Company, to be issued for every 47 (Forty Seven) fully paid up equity shares of face value Rs. 10 (Rupees ten only) each held by the PDL Shareholders.

The equity shares held by USL in PDL shall stand cancelled as an integral part of the Scheme and no equity shares of the Company shall be allotted in respect of such equity shares. The 62,400 forfeited shares of PDL shall stand extinguished and cancelled.

The authorised share capital of PDL shall be deemed to be added to the authorized share capital of USL in the manner as enumerated in Clause 15 of the proposed Scheme.

2. Promoters

Refer to point 1 above for details regarding the effect on the shareholders.

3. Non-Promoter Shareholders

Refer to point 1 above for details regarding the effect on the non – promoter shareholders.

4. Employees (including key managerial personnel)

No rights of the staff or the employees of the Company are being affected as a result of the proposed Scheme.

5. Creditors

Under the proposed Scheme, there is no arrangement with the creditors of the Company. No compromise is offered under the proposed Scheme to any of the creditors of the Company. The liability towards the creditors of the Company is being neither reduced nor extinguished and consequently, the creditors of the Company will not be affected in any manner by the proposed Scheme.

6. Directors

The directors of the Company or their relatives do not have any other interest in the proposed Scheme except to the extent of their shareholding, if any. Further, none of the directors and / or relatives of the directors of the Company are concerned or interested, financially or otherwise, in the proposed Scheme.

III. Valuation

The Valuation Reports have been obtained from SRBC & Co LLP and Manuj Singhal. No special valuation difficulties were reported. Further, the Fairness Opinion has also opined that the share exchange ratio is fair to the shareholders from a financial point of view.

IV. Adoption of the Report by the Directors

The Board of Directors of the Company have adopted this Report after noting and considering the information set forth in this Report. The Board of Directors or any duly authorized committee is entitled to make relevant modifications to this Report, if required and such modifications or amendments shall be deemed to form part of this Report. The Board of Directors of the Company approved the Scheme and the share exchange ratio and have recommended the same to the shareholders of the Company for their approval.

Certified true copy
for Pioneer Distilleries Limited



R. Krishnamurthy
Chairman & Independent Director
'UB Tower' # 24 Vittal Malliya Road,
Bengaluru- 560 001

This page is intentionally left blank