

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:



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**Computation of Fair Share Exchange Ratio**

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

<sup>#</sup> 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.

<sup>\*</sup> 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.

<sup>^</sup> 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

