



UNITED SPIRITS LIMITED

Registered Office: "UB Tower", # 24, Vittal Mallya Road, Bangalore - 560 001.
Tel: +91 80 3985 6500; Fax: +91 80 3985 6862; www.unitedspirits.in

NOTICE CONVENING EXTRAORDINARY GENERAL MEETING

Date : March 18, 2014
Day : Tuesday
Time : 10.30 a.m.
Venue : "The Senate", The Capitol, 3, Raj Bhavan Road
Bangalore - 560 001.

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NOTICE CONVENING EXTRAORDINARY GENERAL MEETING OF THE EQUITY SHAREHOLDERS OF UNITED SPIRITS LIMITED

NOTICE is hereby given that an Extraordinary General Meeting of the Equity Shareholders of UNITED SPIRITS LIMITED will be held on Tuesday, March 18, 2014 at 10.30 a.m. at "The Senate", The Capitol, 3, Raj Bhavan Road, Bangalore – 560 001 to transact the following business:

SPECIAL BUSINESS:

Approval to the Draft Rehabilitation Scheme in respect of the rehabilitation of Tern Distilleries Private Limited ("TERN") containing the Scheme of Amalgamation between TERN and United Spirits Limited ("USL" or "the Company") and their respective shareholders, as the case may be, for the amalgamation of TERN, a wholly owned subsidiary of the Company, with the Company (the "Scheme"):

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

RESOLVED THAT pursuant to declaration of Tern Distilleries Private Limited ("TERN") as a sick industrial company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") and in accordance with the provisions contained in Section 17 and such other applicable provisions, if any, of SICA, (including any statutory modification or amendment thereto), the enabling provisions of the Memorandum of Association and Articles of Association of United Spirits Limited (the "Company") and subject to the requisite sanction of the Hon'ble Board for Industrial and Financial Reconstruction ("BIFR") and/or such other competent authority as may be applicable, the Draft Rehabilitation Scheme containing the Scheme of Amalgamation between TERN and the Company and their respective shareholders, as the case may be, for amalgamation of TERN, a wholly owned subsidiary of the Company, with the Company (the "Scheme"), a copy of which laid before the meeting and duly initialled by the Chairman for the purpose of identification, be and is hereby approved, subject to such alterations, conditions and modifications, if any, as may be prescribed or directed by the Hon'ble BIFR or such other authority(ies)."

"**FURTHER RESOLVED THAT** for the purpose of giving effect to the aforementioned resolution, the Board or any Committee thereof be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable, appropriate or expedient and to settle any questions, doubts or difficulties that may arise in connection with or in implementation of the Scheme and to do all such acts, deeds and things as may be necessary for carrying into effect the terms of the Scheme and for the purpose of sanctioning of the Scheme by BIFR and/or any other appropriate authorities and to delegate all or any of the powers conferred to such Director(s) and/or Officer(s) of the Company as it may deem fit."

By order of the Board

Place : Bangalore
Date : February 20, 2014

V.S. VENKATARAMAN
Company Secretary

NOTES:

1. EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE EXTRAORDINARY GENERAL MEETING ("Meeting").

Blank proxy form is enclosed.

2. Body corporate and foreign institutional investor equity shareholder(s) would be required to deposit certified copies of Board/Custodial resolutions/Power of Attorney in original, as the case may be, authorizing the individuals named therein, to attend and vote at the Meeting on its behalf.
3. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business, as set out above is annexed hereto and forms part of this Notice.
4. A copy of the Draft Rehabilitation Scheme containing the Scheme of Amalgamation between Tern Distilleries Private Limited ("TERN") and United Spirits Limited ("USL" or "the Company") and their respective shareholders, as the case may be, for amalgamation of TERN with the Company ("Scheme") annexed hereto, form part of this Notice.
5. Members are requested to:
 - a) bring their copy of Notice to the Meeting;
 - b) bring the Attendance Slip sent herewith, duly filled in;
 - c) bring their Folio Number / DP and Client ID; and
 - d) avoid being accompanied by non-members and children.
6. Members are requested to read the entire text of the Scheme annexed to this notice.
7. Inspection of the following documents may be had at the Registered Office of the Company on all working days, except Saturdays and Sundays till March 17, 2014, between 11.00 a.m. and 4.00 p.m and shall also be available for inspection on the date of the Meeting:
 - i. Draft Scheme;
 - ii. Memorandum of Association and Articles of Association of TERN and the Company;
 - iii. Audited accounts of TERN and the Company for three previous financial years ended March 31, 2013, March 31, 2012 and March 31, 2011;
 - iv. Shareholding pattern of the Company pre and post amalgamation; and
 - v. Orders of the Hon'ble BIFR in the case of TERN (BIFR case no. 77/2012) of hearings held on January 29, 2013, March 11, 2013, May 30, 2013, October 3, 2013, November 25, 2013 and February 11, 2014.
8. MEMBERS MAY KINDLY NOTE THAT NO GIFTS SHALL BE DISTRIBUTED AT THE MEETING.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

1. This is an explanatory statement accompanying the Notice convening the Extraordinary General Meeting (“Meeting”) of the equity shareholders of United Spirits Limited (“USL” or “the Company”) to be convened in terms of the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (“SICA”), for the purpose of considering and if thought fit, approving with or without modification(s), the Draft Rehabilitation Scheme containing the Scheme of Amalgamation between Tern Distilleries Private Limited (“TERN”) and USL and their respective shareholders, as the case may be, for amalgamation of TERN, a wholly owned subsidiary of the Company, with the Company (the “Scheme”).
2. USL was incorporated on March 31, 1999 under the provisions of the Companies Act, 1956 in the name and style of “McDowell Spirits Limited”. The name of the Company was changed to “McDowell & Company Limited” and a fresh Certificate of Incorporation was issued by the Registrar of Companies at Karnataka, Bangalore on April 12, 2001. By a further fresh Certificate of Incorporation dated October 17, 2006 issued by the Registrar of Companies at Karnataka, the name of the Company was changed from “McDowell & Company Limited” to its present name being “United Spirits Limited”.
3. The Registered Office of USL is situated at “UB Tower”, #24, Vittal Mallya Road, Bangalore - 560 001.
4. The main objects of USL are as under:
 - a. To manufacture Alcohol, Rectified Spirit, Potable and Industrial Alcohol.
 - b. To manufacture, brew, distill, blend, compound, prepare, process, render potable or marketable all sorts of liquors, wines, spirits and beers.
 - c. 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.
5. USL is currently engaged in the business of manufacture, marketing and selling of potable alcohol.
6. TERN was incorporated as a private limited company on March 12, 1999.
7. The Registered Office of TERN is situated at “UB House”, Plot No.36, Street No.4, Srinagar Colony, Hyderabad – 500 073.
8. The main objects of TERN, inter alia, are as under:
 - a. To manufacture, distill, compound, prepare, process alcohol (Rectified Spirit) / Extra Neutral Alcohol / Ethanol including manufacture of products with alcohol as or one of the raw material.
 - b. To carry on in all its branches, the business of manufacturing, producing, processing, compounding, mixing, backing, formulating, distilling, rectifying, sterilizing, pasteurizing, steaming, evaporating, vaporizing, cooling, filtering, commercializing, developing, treating, curing, refining, extracting, operating, manipulating, preparing, purifying, protecting, preserving, disinfecting, turning to account, and to act as broker, agent, stockists, distributors, consultants, collaborator, buyer, seller, exporter, importer, job worker, vendor, contractor, supplier or otherwise to deal in all types of organic, inorganic, industrial, laboratory, photographic, fine, biological, pathological, pharmaceutical and other chemicals, compounds, drugs, formulations, preparations, acids, solvents, derivatives, fluids, products, by products, residues, catalyst, reagents, mixtures, concentrates, lumps, powders, granules and allied items.
9. TERN is currently engaged in the business of manufacturing of extra neutral alcohol (“ENA”) which is the key raw material for manufacture of Indian made foreign liquor (“IMFL”).
10. TERN was declared a sick industrial company within the meaning of Section 3(1)(o) of SICA, by the Hon’ble Board for Industrial and Financial Reconstruction (“BIFR”) on May 30, 2013. The Hon’ble BIFR directed TERN to formulate and submit a Draft Rehabilitation Scheme under Section 17(2) of SICA. TERN vide its letter dated February 7, 2014 has filed the Scheme with the Hon’ble BIFR for their approval.

11. Rationale for the Draft Rehabilitation Scheme:

TERN is engaged in the business of manufacturing of ENA. TERN has primary distillation plant in Visakhapatnam which is located in the State of Andhra Pradesh. ENA is the basic raw material for the Company which is engaged in the business of manufacture and sale of potable alcohol.

With the fixation of a more than comfortable floor price for ethanol supplies for oil blending by the Oil Marketing Companies coupled with the uncontrolled grant of permissions to export of molasses and spirit, the potential availability of ENA to manufacturer of IMFL, has been adversely affected. To counter this hardship, as a part of business strategy, the Company has initiated steps towards building up supply side security by backward integration into distillation by way of acquiring substantial interest in companies manufacturing ENA. The objective of such acquisition was to reduce the Company's dependence on external supplies of ENA.

Since acquisition of TERN by the Company in 2009, TERN has been supplying its entire stock of ENA to the Company. In view of these facts, the management of both TERN as also the Company believe that having separate legal entities adds to the cost of product on account of duplication of expense on tax, administration and operation of two separate legal entities.

Keeping the above in view, the Board of Directors of USL has proposed and approved the amalgamation of TERN into USL at their meeting held on January 08, 2014.

The proposed amalgamation of TERN into the Company, in addition to reducing number of legal entities within the group, would have operational, cost and administrative synergies for the following reasons:

- Rationalize the operational cost on account of use of common pool of employees, administrative staff;
- Focused management attention;
- Reduce administrative cost on account of reduction in compliance and maintenance cost of having separate legal entities;
- Availability of pool of managerial talent of USL on a continuous basis without additional cost;
- Improved negotiation power with vendors resulting in synergies of operations; and
- Saving on purchase/ supply of special spirits by / from USL, due to reduced/NIL rate of VAT / Excise arising on account of stock transfer as against sale.

12. The Scheme as has been submitted to the BIFR bears April 1, 2013 as the cut-off date. A copy of the Scheme is available for inspection at the Registered Office of the Company on all working days, except Saturdays and Sundays till March 17, 2014, between 11.00 a.m. and 4.00 p.m and shall also be available for inspection on the date of the Meeting and the same is also available on the Company's website - www.unitedspirits.in

The Draft Rehabilitation Scheme envisages following reliefs and concessions from Central and State Governments, etc.:

I. CENTRAL GOVERNMENT

Only such relief as are available under the applicable provisions of law. No additional relief proposed.

II. STATE GOVERNMENT OF ANDHRA PRADESH

1. To issue/modify/amend or alter licenses (including excise license) in favour of USL, pursuant to the Scheme relating to the licenses already issued to TERN in the State of Andhra Pradesh where TERN carries on its business, including Factory License, consent from Pollution Control Board, consent/NOC of Fire Department, consent from ground water department, Boiler License, Certification issued by the Metrology department, etc.
2. To direct that the excise authorities of the State Government of Andhra Pradesh shall treat the excise license of TERN as license granted to USL since inception and all renewals and modifications thereof shall remain to the benefit of and in the name of USL.
3. To waive the payment of stamp duty and registration fees, if any, in relation to the transfer / conveyance of movable and immovable properties in pursuance of the Scheme and on the BIFR / amalgamation order, as permissible under the applicable law.

III. STATE GOVERNMENT OF KARNATAKA

To waive the payment of stamp duty and registration fees, if any, in relation to the transfer / conveyance of movable and immovable properties, cancellation of shares, in pursuance of the Scheme and on the BIFR / amalgamation order, as permissible under the applicable law.

IV. INCOME TAX ACT

To grant benefits to USL under Section 72-A of the Income-Tax Act, 1961 ("IT Act") to the extent available under the provisions of the IT Act.

V. Others

1. USL, including TERN in the form amalgamated with USL, shall be entitled to procure and obtain implementation of provisions contained in the Scheme and acts consequential/pursuant to sanction of the Scheme.
 2. To direct that upon amalgamation of TERN with USL, USL will be vested with and remain eligible and entitled to claim all such benefits, relief and concessions as are available to TERN under the provisions of any act, statute, regulation, notification, circular and policy whether under the existing provisions of the law or as available to a sick industrial undertaking, and that USL also claim and remain eligible to claim all such benefits, relief and concessions as are available to USL as a consequence of amalgamation.
 3. To direct that all statutory and business registrations, licenses, permits, quotas, entitlements and authorizations as available to TERN will vest in and be considered to be registrations, licenses, permits, quotas, entitlements and authorizations of USL.
13. The salient features of the Scheme of Amalgamation are as follows:
- (a) The Scheme of Amalgamation envisages amalgamation of TERN with the Company;
 - (b) Appointed Date – April 1, 2013;
 - (c) The entire share capital of TERN is held by the Company / its nominees. Accordingly, on amalgamation, no shares would be issued by the Company. There would therefore be no change in paid-up capital of the Company as a result of the amalgamation;
 - (d) The Scheme of Amalgamation is inter-alia subject to the approval of the shareholders of USL by a Special Resolution and sanction by the Hon'ble BIFR;
 - (e) The Scheme of Amalgamation shall be effective upon filing of the certified copies of the order of the Hon'ble BIFR with the Registrar of Companies, Karnataka by the Company and Registrar of Companies, Andhra Pradesh by TERN; and
 - (f) Upon the Scheme of Amalgamation becoming effective, USL shall bear and pay all costs, charges, expenses, taxes including duties, levies, etc., in connection with the Scheme of Amalgamation.
14. Post filing of the Scheme there is no change in the shareholding of TERN.
15. The rights and interest of the members of the Company will not be prejudicially affected by the Scheme.
16. The creditors of the Company will not be affected by the Scheme as the assets of the Company, post amalgamation will exceed the liabilities and the Company, will continue to have a positive net worth. Further the rights and interests of the members and creditors of the Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is at all called from them nor are their rights sought to be modified in any manner.
17. None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned and/or interested in the proposed Resolution except as follows:
- (i) Mr. P.A. Murali who is an Executive Director and Chief Financial Officer of the Company, is also a Director of TERN; and
 - (ii) Mr. V.S. Venkataraman who is a key managerial personnel in the Company, is a Director of TERN.

Your Directors recommend the above Resolution for your approval.

BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

TERN DISTILLERIES PRIVATE LIMITED (TERN)

(CASE NO. 77 of 2012)

DRAFT REHABILITATION SCHEME (DRS)

1. BACKGROUND

- Tern Distilleries Private Limited ("TERN") a company incorporated under the Companies Act, 1956, as a private limited company on March 12, 1999, with the main object of inter alia manufacturing of extra neutral alcohol/ethanol/rectified spirit, which is an activity covered under item No. 26(1)(2) as enumerated in the First Schedule to the Industries (Development and Regulation) Act, 1951. TERN's registered office is situated at "UB House", Plot No. 36, Street No. 4, Srinagar Colony, Hyderabad – 500 073, Andhra Pradesh.
- The erstwhile Promoters of TERN transferred their entire equity holding in TERN to United Spirits Limited ("USL") on November 23, 2009. Pursuant to such acquisition TERN is now a wholly owned subsidiary of USL.
- Presently TERN is engaged in the business of manufacturing of extra neutral alcohol ("ENA") at its manufacturing facility/distillery situated at Thallapalem (V), Kasimkota (M), Visakhapatnam 531031 with installed capacity of 11.400 Million Bulk Litres per annum as on March 31, 2013. The manufacturing licenses of the said distillery are standing in the name of TERN.
- 100% of TERN's production of ENA is procured by USL which is the key raw material for USL in manufacturing of spirits (Indian Made Foreign Liquor).

2. STATUS AT BIFR

- TERN has been incurring losses for the last several years and as on March 31, 2012 the accumulated loss of TERN was Rs. 543.82 lakhs. Accordingly, the net worth of TERN was eroded for the 12 months period ended March 31, 2012. TERN vide its letter dated October 23, 2012, filed a reference in Form-A, in terms of Regulation 19(1) (i) of Board for Industrial and Financial Reconstruction Regulations, 1987, with the Hon'ble Board for Industrial and Financial Reconstruction ("BIFR" or "the Board") and the same has been registered as Case No. 77/2012 on December 24, 2012.
- BIFR declared TERN as a sick industrial company in terms of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") in its hearing held on May 30, 2013, and had directed TERN to prepare a fully tied up DRS under section 17(2) of SICA and submit the same to the BIFR.
- Based on the directions given by the Board, TERN has proposed a revival plan which envisaged the amalgamation of TERN with USL. The Board of Directors of both TERN and USL in their meetings held on January 08, 2014 approved the amalgamation of TERN into USL.

3. MANAGEMENT & SHAREHOLDING PATTERN

- TERN was incorporated in the year 1999. However, with the acquisition of 100% of the equity capital by USL, the control and management of TERN stands with USL. The management of the affairs of TERN is with the Board of Directors comprising the following professionals who do not hold any shares in TERN.
 - (a) Mr. P.A. Murali
 - (b) Mr. V .S. Venkataraman
 - (c) Mr. I .P. Suresh Menon
 - (d) Mr. S.N. Prasad
 - (e) Mr. Mathew Xavier

- TERN engages 14 number of staff and executives. In addition to this TERN has employed 41 permanent workmen and 76 contract workers. Detailed break up thereof is as follows:-

	As on March 31, 2013		
	Regional Office	Distillery	Total
(a) Managerial	1	4	5
(b) Executive	-	5	5
(c) Supervisory			
<input type="checkbox"/> Technical	-	4	4
<input type="checkbox"/> Non-Technical	-	-	-
(d) Clerical	-	-	-
(e) Labour			
<input type="checkbox"/> Skilled	-	27	27
<input type="checkbox"/> Semi-Skilled	-	14	14
<input type="checkbox"/> Un-skilled	-	-	-
(f) Other categories (Contract basis)	-	76	76
TOTAL	1	130	131

SHARE HOLDING PATTERN

- Authorised, issued, subscribed and paid up share capital of TERN as on March 31, 2013 was as under:-

Particulars	Amount (in Rs.)
Share Capital	
Authorised	
60,00,000 Equity Shares of Rs. 10/- each	6,00,00,000
TOTAL	6,00,00,000
Issued, Subscribed and Paid up	
40,00,000 Equity Shares of Rs. 10/- each fully paid up	4,00,00,000
TOTAL	4,00,00,000

The entire equity share capital of TERN is held by USL and its nominees. Subsequent to the Balance Sheet date i.e. March 31, 2013, there has been no change in the paid up share capital of TERN.

The equity shares of TERN are not listed on any stock exchanges.

4. EXPOSURE OF FIs AND BANKS

There are no secured loans and / or working capital facilities from any banks or financial institutions as on March 31, 2013.

5. FINANCIAL PERFORMANCE

- Analysis of balance sheets and profit and loss account of TERN for the past 3 (three) years ended on March 31, 2013 is given as below. Salient features thereof are as under:-

A. WORKING RESULTS

(Rs. In lakhs)

For the year ended on March 31	2011	2012	2013
Net Sales	2091.38	3150.09	1137.49
Other Income	-	-	-
Total Income	2091.38	3150.09	1137.49
PBID / (Loss)	31.91	77.14	(284.34)
PBID to Net Sales %	1.53%	2.45%	-25%

For the year ended on March 31	2011	2012	2013
Interest	18.75	0.12	0.09
Depreciation	79.25	85.33	166.36
Operating Profit/(Loss)	(66.09)	(8.31)	(450.79)
Other Income	3.94	1.95	6.32
Net Profit	(62.13)	(6.35)	(444.47)

B. FINANCIAL POSITION

(Rs. In lakhs)

For the year ended on March 31	2011	2012	2013
Net Fixed Assets	2980.17	4973.15	5208.44
Current Assets	331.08	529.17	504.16
Receivables	--	--	--
Current Liabilities	30.62	574.30	230.73
Term Loans	Nil	Nil	Nil
Secured Loans	3415.45	5071.84	6070.14
Equity Share Capital	400.00	400.00	400.00
Preference Share Capital	--	--	--
Reserves & Surplus	--	--	--
Less: Accumulated Loss	(537.45)	(543.82)	988.29
Net Worth	(137.45)	(143.82)	(588.29)
Current Ratio	10.81	0.92	2.13
Debt Equity Ratio	(24.85)	(35.27)	(10.32)

6. INFRASTRUCTURAL FACILITIES OF TERN

Particulars	Distillery
Land – Acres	45.03 acres
Building	Fermentation House - 556 Sq. Mts Distillation Tower – 296 Sq. Mts. Cooling Tower – 105 Sq. Mts. Power House and Turbine House – 166 Sq. Mts. Boiler House - 166 Sq. Mts. Boiler Plant – 620 Sq. Mts. Lagoon – 3000 Sq. Mts. Administrative Building – 284 Sq. Mts. Warehouse - 426 Sq. Mts. Industrial Building with A.C.S., and R.C.C Construction as applicable
Plant and Machinery	ENA Plant Cooling Tower R.S. Plant Boiler Storage Tanks Digester Tank R.O. Plant and D.M. Plant Generator Turbine Coal Crusher Bio Gas plant Multiple Effect Evaporation Plant Lab Equipment

As can be seen from the above table, TERN is adequately equipped to carry on its manufacturing activities.

7. REVIVAL STRATEGY

- Scheme of Amalgamation of TERN with USL (“Scheme”)

7.1.1 Rationale for the Scheme

TERN is engaged in the business of manufacturing of Extra Neutral Alcohol (“ENA”). TERN has primary distillation plant situated in Vishakhapatnam which is located in the State of Andhra Pradesh. ENA is the basic raw material for USL which is engaged in the business of manufacture and sale of potable alcohol.

With the fixation of a more than comfortable floor price for ethanol supplies for oil blending by the Oil Marketing Companies coupled with the uncontrolled grant of permissions to export of molasses and spirit, the potential availability of ENA to manufacturer of IMFL, has been adversely affected. To counter this hardship, as a part of business strategy, USL has initiated steps towards building up supply side security by backward integrating into distillation by way of acquiring substantial interest in companies manufacturing ENA. The objective of such acquisition was to reduce USL’s dependence on external supplies of ENA.

Since acquisition of TERN by USL in 2009, TERN has been supplying its entire stock of ENA to USL. In view of these facts, the management of both TERN as also USL believe that having separate legal entities adds to the cost of product on account of duplication of expense on tax, administration and operation of two separate legal entities.

The proposed amalgamation of TERN into USL, in addition to reducing number of legal entities within the group, would have operational, cost and administrative synergies for the following reasons:

- Rationalize the operational cost on account of use of common pool of employees, administrative staff;
- Focused management attention;
- Reduce administrative cost on account of reduction in compliance and maintenance cost of having separate legal entities;
- Availability of pool of managerial talent of USL on a continuous basis without additional cost;
- Amalgamating a sick company into a company with positive net worth;
- Improved negotiation power with vendors resulting in synergies of operations; and
- Saving on purchase/supply of special spirits by/from USL, due to reduced/NIL rate of VAT / Excise arising on account of stock transfer as against sale.

7.1.2 Swap Ratio

Since the entire equity share capital of TERN is held by USL and / or its nominees, the amalgamation would not result into issue of equity shares of USL as a part of the Scheme.

7.1.3 Other salient features of the Scheme are as under:

- All the assets and liabilities of TERN as on the Appointed Date shall vest in USL, on a going concern basis;
- No consideration would be issued as part of the Scheme, since the entire equity shares of TERN is held by USL;
- The Appointed Date for the Scheme is proposed to be opening of business hours on April 1, 2013 or such other date as may be fixed by BIFR, and the Scheme shall be effective on the day which the last of the approvals/events specified in Clause 16 of the Scheme are obtained or completed or have occurred;
- Detailed Scheme is at ANNEXURE - 1.

7.1.4 As TERN is a wholly owned subsidiary of USL, no shares would be issued as consideration for amalgamation. Accordingly, there will be no change in paid-up capital of USL as a result of amalgamation. The pre and post amalgamation shareholding of USL will be as under:

Particulars	Pre-amalgamation shareholding of USL (as on 31 st December 2013)		Post amalgamation shareholding of USL*	
	No. of shares	%age	No. of shares	%age
Promoters/ Promoter Group	5,41,93,164	37.29	5,41,93,164	37.29
Banks / FIs/FILs	5,95,13,983	40.95	5,95,13,983	40.95
Public (Others)	3,16,20,596	21.76	3,16,20,596	21.76
TOTAL	14,53,27,743	100.00	14,53,27,743	100.00

* Based on shareholding pattern as on 31st December 2013

8. DETAILS OF UNITED SPIRITS LIMITED

- **Background**

- 8.1.1 United Spirits Limited (“USL”) – earlier known as McDowell & Company Ltd is the largest alcoholic spirits company in India and among the top three Distilled Spirits companies in the world. The shares of USL are listed on the BSE Ltd, National Stock Exchange of India Limited and Bangalore Stock Exchange Limited. With a product range of more than 140 brands across different flavours such as Scotch, Whisky, Vodka, Rum, Brandy, Gin and Wines, USL has the most sought-after brand portfolio in the industry. The fact that 17 out of 140 brands are “Millionaire Brands” (those that sell more than million cases per annum) is a definite indication to the reach and popularity of USL’s brands.
- 8.1.2 USL exports to over 59 countries and has a sizeable presence in India with distilleries and sales offices all across the country, and a committed team of over 7,500 people dedicated to the fulfilment of the company’s mission. It has established manufacturing and bottling plants in almost every state of India.
- 8.1.3 Some of the famous brands owned by USL are Black Dog, Antiquity, Signature, Royal Challenge, McDowell’s No. 1, Celebrating Rum, Romanov, White Mischief, Bagpiper, Directors Special, Old Tavern, Gold Riband, John Ex-shaw, Honey Bee, Old Cask Rum, Old Adventurer Rum, etc.
- 8.1.4 In terms of the Share Purchase Agreement dated November 9, 2012 between Palmer Investment Group Limited (“Palmer”), UB Sports Management Overseas Limited (“UB Sports”) (both wholly owned subsidiaries of USL), USL Benefit Trust (of which USL is a beneficiary), SWEW Benefit Company (“SWEW”), United Breweries (Holdings) Limited (“UBHL”) and Kingfisher Finvest India Limited (“KFIL”) with Relay B.V. (an indirect wholly owned subsidiary of Diageo Plc.) and Diageo plc, Relay B.V. has acquired equity shares of USL by purchase under the Agreement, other than those held by USL Benefit Trust, acquisition under open offer, followed by subscription to additional shares in preferential allotment and further acquisition under market purchase resulting in, Relay B.V., now being the single largest shareholder of USL, holding 38,327,132 equity shares representing 26.37% of the present paid up equity share capital of USL as on December 31, 2013. Diageo Plc and Relay B.V., have accordingly been considered as ‘Promoters’ of United Spirits Limited. The Board of Directors of USL has also been reconstituted as referred under paragraph 8.3.2.
- 8.1.5 USL’s owns distilleries at Alwar, Udaipur, Pathankot, Baddi, Palwal, Meerut, Rosa (UP), Hathidah (Bihar), Asansol, Serampore, Bhadrakali (West Bengal), Gopalpur (Orissa), Goa (2 units), Nashik (2 units), Baramati, Aurangabad (Maharashtra), Bhopal (2 Units), Cherthala, Palakkad (Kerala), Hyderabad (2 units), Hospet, Kumbalgodu (Karnataka), Poonamallee (Chennai), Pondichery.
- 8.1.6 Apart from the 28 owned distilleries, mentioned above, USL also has contracted capacity through about 62 units owned by third parties.

- **Operations**

- 8.2.1 Currently, USL’s licensed capacity is 81.6 million cases per annum, but through arrangements with contract (CBUs), USL’s capacity has increased to over 156 Million cases per year.
- 8.2.2 The following table shows USL’s overall bottling capacity (in million cases annualized) as at 2013 and 2012 respectively:

Particulars	Million Cases per annum 2013	Million Cases per annum 2012
Owned Capacity	82	70
Contracted Capacity	74	69
TOTAL	156	139

- **Management**

- 8.3.1 Promoters

- a) **Dr. Vijay Mallya**

- Dr. Vijay Mallya, a well-known industrialist, is Chairman of the Board of Directors of USL. He holds a Ph.D in Business Administration conferred from the University of Southern California, USA.

- b) **United Breweries (Holdings) Limited (UBHL)**

- UBHL is the flagship holding company of the UB Group. The present activities of UBHL consist of carrying on the business of Investment holding, exports, development of its real estate.

- c) **Mallya Pvt. Ltd., Devi Investments Private Limited, Vittal Investments Private Limited, Kingfisher Finvest India Limited (formely Kingfisher Radio Limited)**

- Investment holding companies.

- d) **Rossi & Associate Private Limited**

- Ryan Yarn trading company

- e) **Relay B.V. and Diageo plc**

- Relay B.V. an investment holding company and an indirect wholly owned subsidiary of Diageo plc and Diageo Plc is the parent and holding company of Relay B.V.

- 8.3.2 Directors

Sr. No.	Name of the Director	Designation	Qualification	Experience
1.	Dr. Vijay Mallya	Chairman Non Executive	<p>Dr. Vijay Mallya is a well-known Industrialist and a Member of the Parliament (Council of States). He took over the reins of the United Breweries Group in 1983 at the age of 28, which today is a multi-national conglomerate. Dr. Mallya is the Chairman of several public companies, both in India as well as overseas. Dr. Mallya has won wide recognition from distinguished institutions throughout the span of his career, which includes:</p> <ul style="list-style-type: none"> • Edmund Hillary Fellowship by the government of New Zealand 2011 • Entrepreneur of the Year Award - The Asian Awards, London - 2010 • Officer of the Legion of Honour conferred by the President of French Republic 2008 • Asia's Leading Airline Personality - World Travel Award - 2007 	Dr. Mallya has over 32 years of experience.

Sr. No.	Name of the Director	Designation	Qualification	Experience
2.	Mr. Ashok Harikishanlal Capoor	Managing Director	Mr. Ashok Capoor is a graduate in Economics (Hons.) and had obtained his Masters in Business Administration (Marketing) from Faculty of Management Studies, Delhi. He has also successfully completed an Advanced Management Program from Harvard University, Boston. Mr. Capoor has over 38 years of experience across companies and various functions, sales and marketing being his major specialization. Mr. Capoor has been with the UB Group since 1992 having joined as Divisional Vice President in erstwhile Herbertsons Limited, since merged with USL. He was the Deputy President of USL since 2007 and was promoted to the position of President of USL with effect from May 2, 2011. Mr. Ashok Capoor was appointed as Managing Director of USL with effect from May 2, 2011 for a period of 3 (three) years.	Mr. Capoor has over 38 years of experience
3.	Mr. Murali Ananthasubramanian Pathai	Executive Director	Mr. P. A. Murali (Mr. Murali) was the Joint President and Chief Financial Officer of United Spirits Limited before he became an Executive Director. Mr. Murali has had a rich experience of over two decades in UB Group and was instrumental in the creation of United Spirits Limited (USL) by the consolidation and mergers of all the spirits businesses of the UB Group. He has spearheaded the efforts of USL for a successful completion of the GDR/FCCB issue of \$230 Million in 2006. He played a leading and vital role in the acquisition of Whyte and Mackay, UK, Bouvet Ladubay SA, France and Liquidity Inc, USA. He joined the UB Group as Senior Manager – Finance in Mumbai. He is a Chartered Accountant and holds a Bachelors' Degree in Commerce.	Mr. Murali has over 32 years of experience.

Sr. No.	Name of the Director	Designation	Qualification	Experience
4.	Mr. Gilbert Ghostine	Non Executive Director	Mr. Gilbert Ghostine (Mr. Ghostine) graduated from Saint Joseph University, Lebanon, in 1985 with a Masters' in Business Administration and a major in marketing. Mr. Ghostine is the President of Diageo Asia Pacific and a member of the Global Executive Committee of Diageo plc. He is responsible for all of the Diageo's businesses in Australasia, Greater China, North Asia, South East Asia, India, the Middle East, North African and Global Travel. He has been with Diageo for 20 years covering leadership roles in Africa, Asia, the USA and Europe. His previous roles include Managing Director Continental Europe for Diageo Europe, President of US Major Markets and National Accounts for Diageo North America and Managing Director of Eastern / Central Europe, Middle East and Africa for Diageo Venture Markets.	Mr. Gilbert has over 25 years of experience.
5.	Mr. Ravi Rajagopal	Non-Executive Director	Mr. Ravi Rajagopal (Mr. Rajagopal) is currently the Global Head of Business Development of Diageo plc and has been in this role since September, 2010. Mr. Rajagopal joined Diageo in 1997 and has held a variety of roles covering regional finance and group controller. He is a Chartered Accountant, a Cost Accountant and has attended the Advanced Management Program at the Harvard Business School. Prior to joining Diageo, Mr. Rajagopal worked with ITC, India where again he held a variety of senior positions both in finance and general management.	Mr. Rajagopal has over 30 years of experience.

Sr. No.	Name of the Director	Designation	Qualification	Experience
6.	Mr. Arunkumar Ramanlal Gandhi	Independent Director	Mr. Arunkumar Ramanlal Gandhi (Mr. Gandhi) is a fellow member of the Institute of Chartered Accountants in England & Wales, the Institute of Chartered Accountants of India and an associate member of the Chartered Institute of Taxation, London. Prior to joining Tata Sons as an Executive Director in 2003 he was with M/s N. M. Rajji & Co. Chartered Accountants, a firm of over 60 years of professional standing. Mr. Gandhi continued as an Executive Director in Tata Sons Ltd till 2008 and as a Director till March 2013. He was also a member of Tata Group's Group Corporate Council and the member of Audit Committee of Tata Sons Ltd. Over the last 20 years, Mr. Gandhi has served on the boards of various Indian companies including Tata Global Beverages Limited, Tata Communications Limited, Paper Products Limited and Tata Limited (UK). Mr. Gandhi has also been a member of various committees constituted by industry forums and regulatory bodies such as SEBI's Takeover Panel Exemption Committee and the Accounting Standards Board of the Institute of Chartered Accountants of India.	Mr. Gandhi has 44 years of experience.
7.	Mr. D. Sivanandhan	Independent Director	Mr. Sivanandhan Dhanushkodi (Mr D. Sivanandhan) is one of the most highly regarded IPS officers in India with illustrious career spanning several postings during his 35 years in service and retired as the Director General of Police, Maharashtra. He is the driving force behind Securus First India Private Limited where he actively oversees and advises case teams during investigations. Most recently has been a member of the special task force in National Security Council Secretariat for revamping India's internal and external national security measures. He is also the security advisor to the Reserve Bank of India.	Mr. Sivanandhan has 35 years of experience.

Sr. No.	Name of the Director	Designation	Qualification	Experience
8.	Mr. Ghyanendra Nath Bajpai	Independent Director	Mr. Ghyanendra Nath Bajpai holds a Master's Degree in Commerce from the University of Agra and a Degree in Law (LLB) from the University of Indore. Mr. Bajpai, a distinguished leader in Indian Business community, was the Chairman of Securities & Exchange Board of India (SEBI) and Life Insurance Corporation of India (LIC). Mr. Bajpai has been the Chairman of Corporate Governance Task Force of International Organization of Securities Commissions and the Chairperson of the Insurance Institute of India, a counterpart of Chartered Insurance Institute, UK. He was the Non-Executive Chairman of National Stock Exchange of India Limited, Stock Holding Corporation of India Limited, LIC Housing Finance Limited and LIC International EC Bahrain and LIC Nepal Limited and was also on the Governing Board of Indian Institute of Management, Lucknow. Mr. Bajpai is on the Board of Advisors of Indian Army Group Insurance Fund and on the Governing Board of National Insurance Academy. He is also Non-Executive Chairman and Non-Executive Director in several corporates in India.	Mr. Bajpai has 48 years of experience.
9	Mr. Sudhakar Rao	Independent Director	Mr. Sudhakar Rao (Mr. Rao) is a retired Indian Administrative Service (IAS) Officer of the 1973 batch. He is currently a director in a number of Indian companies including Indian Oil Corporation Limited, BSE Limited, Binani Industries Limited, CMC Limited and L&T Infrastructure Development Projects Limited. He holds a Masters' Degree in Economics from the Delhi School of Economics and a Masters' Degree in Public Administration from the Kennedy School of Government, Harvard University. He was conferred the Karnataka Rajyotsava Award in 2010. Having served across ministries in both the State and Central Governments, he retired from service as Chief Secretary, Karnataka. He also served as a Member of the Public Enterprises Selection Board, Government of India after retirement.	Mr. Sudhakar Rao has over 35 years of experience in public administration.

Sr. No.	Name of the Director	Designation	Qualification	Experience
10.	Ms. Renu Sud Karnad	Independent Director	<p>Ms. Renu Sud Karnad (Ms. Karnad) is a post graduate in Economics from the University of Delhi and holds a degree in law from the University of Mumbai. She brings with her rich experience and enormous knowledge in the mortgage sector, having been part of the nascent real estate and mortgage sector in India. She is also a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, USA. She joined HDFC Limited in 1978 and was inducted on to the board of directors as an Executive Director in 2000. She grew to become Joint Managing Director in 2007 and has been elevated to Managing Director with effect from 2010. She has also served as the President of the International Union for Housing Finance and Director, Asian Real Estate Society. She has served on the boards of a number of Indian and multinational companies like Akzo Nobel India Limited, Feedback Ventures Limited, HDFC Plc and Transunion LLC. She is a member of Senior Expert Council of IDFC Private Equity. She is also the recipient of many awards including “Outstanding Woman Business Leader” at CNBC TV18 Indian Business Leader Awards in 2012, was part of the 25 Most Influential Women Professional in India.</p>	Ms. Renu Sud Karnad has 35 years of experience.
11.	Mr. Paul Steven Walsh	Non Executive Director	<p>Mr. Paul Steven Walsh (Mr. Walsh) was Chief Executive, Diageo plc from September 1, 2000 to June 30, 2013 and is now an Advisor to the Chairman and Chief Executive Officer of Diageo plc.</p> <p>Mr. Walsh joined GrandMet's brewing division in 1982 and became Finance Director in 1986. He held financial and commercial positions with inter-Continental Hotels and in the GrandMet food business, becoming CEO of The Pillsbury Company in 1992. Mr. Walsh was appointed to the GrandMet board in October 1995 and to the Diageo Board in December 1997.</p>	Mr. Paul Steven Walsh has 31 years of experience.

Sr. No.	Name of the Director	Designation	Qualification	Experience
			<p>Mr. Walsh is a non-executive director of FedEx Corporation, Unilever plc, and Avanti Communications plc. He was previously a non-Executive Director of Centrica plc, stepping down in May 2009.</p> <p>Mr. Walsh has also been appointed Business Ambassador for the food and drink industries by the UK Department for Business, Innovation and Skill and is a Council Member, and former Chairman of the Scotch Whisky Association.</p>	
12.	Mr. Vikram Singh Mehta	Independent Director	<p>Mr. Vikram Singh Mehta's (Mr. Mehta) career began with the Indian Administrative Service (IAS) of the Government of India in 1978. He resigned that position in 1980 and joined Philips Petroleum in London as their Senior Economist. He was with Philips Petroleum for 4 years in London and at their headquarters in Bartlesville, Oklahoma, USA. In 1984, he returned to India to join the Public Sector Oil Company, Oil India Limited as its advisor (Strategic Planning). He resigned from Oil India in 1988 and joined Shell International in London. In 1991, he was posted to Egypt as the Managing Director for Shell Markets and Chemicals, Egypt. In 1994, he returned to India as the Chairman of the Shell Group in India.</p> <p>Mr. Mehta was a member of the National Council of the Confederation of Indian Industry (CII) and Chairman of its Hydrocarbon Committee. He was the Chairman of the Board of Trustees of the Youth Award for India (earlier the Duke of Edinburgh's Award program). He serves on the boards of Colgate Palmolive India Limited, Mahindra & Mahindra Limited, Vodafone India Limited, Apollo Tyres Limited and Larsen & Toubro Limited. Mr. Mehta is also on the Board of Governors of the Pandit Deendayal Petroleum University in Gujarat, India and a member of the Board of Overseers of the Fletcher School of Law & Diplomacy, Tufts University.</p> <p>Mr. Mehta has a BA (Hons) degree in Mathematics from St Stephen's College, Delhi University, an MA in Economics from Magdalen College, Oxford University and an MA from the Fletcher School of Law and Diplomacy, Tufts University.</p>	Mr. Mehta has 35 years of experience.

8.3.3 Managerial and Technical Personnel

Set out below are the current executive officers of USL, their qualification and experience:

Name	Position	Qualification	Experience
Mr. P. S. Gill	President-All India Operations	B. Sc., M. PhilDip. In Labour Law, Chartered Marketer	29 years
Mr. Amrit Thomas	President & Chief Marketing Officer	B. Tech., PGDM	20 years
Mr. V. S. Venkataraman	Executive Vice President -Company Secretary & Legal	B. Com. (Hons), ACS	40 years
Mr. I. P. Suresh Menon	Executive Vice President – Planning & Control	MMS., B.A (Hons.)	35 years
Mr. Ajay B. Baliga	Executive Vice President – Manufacturing, Projects and Quality Control	B.Tech (Chemical Engineering)	32 years
Mr. Sanjay Raina	Executive Vice President-Human Resources	MSW-Personnel Mgmt. AMP	26 years
Mr. Kedar Ulman	Executive Vice President – Sourcing & Business Development	BE., MBA	17 years
Mr. Vineet Kumar Kapila	Chief Operating Officer - North	B. Com., PDGM	28 years
Mr. N. R. Rajshekar	Chief Operating Officer - South	B.Sc., PGCPM(IIM)	33 years
Mr. Anant Iyer	Chief Operating Officer - East	M. Sc., M.M.S.	28 years
Mr. G. S. Nagappa	Chief Operating Officer - West	B. Sc.	37 years
Mr. Vivek Prakash	Chief Operating Officer - Canteen Stores Department	B. Com, LLB, MBA	30 years
Mr. Mathew Xavier	Chief Operating Officer - Andhra Pradesh	PGDM, B. Com.	23 years
Mr. Vineet Chhabra	Chief Operating Officer – Emerging Markets	B. Com., ACA	30 years
Dr. Shovan Ganguli	Senior Vice President –Technical Centre	B.Sc, M.Sc and double Ph.D	21 years
Mr. Anand Kripalu	Chief Executive Officer Designate	B.Tech., MBA	30 years

- Financial Snapshot – last five years

Working results

(Rs. in lakh)

For the year ended on March 31	2009	2010	2011	2012	2013
Net Sales	374,766.23	452,412.76	636,888.99	754,267.44	850,967.68
Other Income	34,188.01	40,479.30	4,918.53	11,720.59	9,706.59
Total Income	408,954.24	492,892.06	641,807.52	765,988.03	860,674.27
PBiD / (Loss)	62,766.16	76,554.77	101,265.35	110,951.45	115,370.61
PBiD to Net Sales %	16.75%	16.92%	15.90%	14.71%	13.56%
Interest	19,577.94	30,961.96	46,746.73	59,434.5	65,617.22
Depreciation	3,615.65	3,863.02	4,774.7	6,084.53	7,182.68
Operating Profit / (Loss)	39,572.57	41,729.79	49,743.92	45,432.42	42,570.71
Other Income	6,343.47	5,638.12	4,732.86	6,038.13	7,993.78
Net Profit (after tax)	45,916.04	47,367.91	54,476.78	51,470.55	50,564.49

Financial Position

(Rs. in lakh)

As at March 31	2009	2010	2011	2012	2013
Net Fixed Assets	62,089.67	74,623.61	4,820.35	18,254.74	119,165.68
Current Assets	469,323.08	74,247.60	25,314.52	63,637.76	1,009,130.61
Receivables	66,503.97	94,616.39	95,858.83	28,280.00	176,869.06
Current Liabilities (incl provision)	92,657.84	13,302.01	28,446.38	476,522.78	556,136.27
Term Loans	197,387.27	51,607.57	77,170.56	145,801.00	109,832.98
Equity Share Capital	10,016.33	12,559.43	13,079.50	13,079.50	13,079.50
Preference Share Capital	-	-	-	-	-
Share warrant allotment money (share suspense)	774.91	-	-	-	-
Reserves & Surplus	297,080.37	466,018.59	497,297.26	574,769.22	626,116.60
Less: Accumulated Loss	-	-	-	-	-
Net Worth	307,871.61	478,578.02	510,376.76	587,848.72	639,196.10
Current Ratio	5.07	6.83	2.51	2.02	1.81
Debt Equity Ratio	0.64	0.73	0.35	0.25	0.17
FACR	6.04	6.06	6.72	6.38	7.14

9. PRESENT STATUS OF IMPLEMENTATION OF THE REVIVAL STRATEGY

Amalgamation of TERN into USL as contained in the Scheme (Annexure 1) has been approved by the Board of Directors of both the companies in their respective meetings held on January 8, 2014.

The Scheme and all provisions thereof be read as part and parcel of this Rehabilitation Scheme. The approval and sanction of this Rehabilitation Scheme by the BIFR shall also mean and be considered to include approval and sanction by the BIFR to the Scheme in its entirety.

10. CUT OFF DATE : April 1, 2013**11. RELIEF AND CONCESSIONS**

The rehabilitation scheme, with the Appointed Date, as the cut off date, envisages following reliefs and concessions from Central and State Governments, etc.

I. CENTRAL GOVERNMENT

Only such relief as are available under the applicable provisions of law. No additional relief proposed.

II. STATE GOVERNMENT OF ANDHRA PRADESH

1. To issue/modify/amend or alter licenses (including excise license) in favour of USL, pursuant to the Scheme relating to the licenses already issued to TERN in the State of Andhra Pradesh where TERN carries on its business, including Factory License, consent from Pollution Control Board, consent/NOC of Fire Department, consent from ground water department, Boiler License, Certification issued by the Metrology department, etc.
2. To direct that the excise authorities of the State Government of Andhra Pradesh shall treat the excise license of TERN as license granted to USL since inception and all renewals and modifications thereof shall remain to the benefit of and in the name of USL.
3. To waive the payment of stamp duty and registration fees, if any, in relation to the transfer / conveyance of movable and immovable properties in pursuance of this Scheme and on the BIFR / amalgamation order, as permissible under the applicable law.

III. STATE GOVERNMENT OF KARNATAKA

To waive the payment of stamp duty and registration fees, if any, in relation to the transfer / conveyance of movable and immovable properties, cancellation of shares, in pursuance of this Scheme and on the BIFR / amalgamation order, as permissible under the applicable law.

IV. INCOME TAX ACT

To grant benefits to USL under Section 72-A of the Income-tax Act, 1961 (“IT Act”) to the extent available under the provisions of the IT Act.

V. Others

1. USL, including TERN in the form amalgamated with USL, shall be entitled to procure and obtain implementation of provisions contained in the Scheme and acts consequential/pursuant to sanction of the Scheme.
2. To direct that upon amalgamation of TERN with USL, USL will be vested with and remain eligible and entitled to claim all such benefits, relief and concessions as are available to TERN under the provisions of any act, statute, regulation, notification, circular and policy whether under the existing provisions of the law or as available to a sick industrial undertaking, and that USL also claim and remain eligible to claim all such benefits, relief and concessions as are available to USL as a consequence of amalgamation.
3. To direct that all statutory and business registrations, licenses, permits, quotas, entitlements and authorizations as available to TERN will vest in and be considered to be registrations, licenses, permits, quotas, entitlements and authorizations of USL.

VI. VIABILITY

The Scheme envisages amalgamation of the sick industrial company, TERN, with cash rich USL. The net worth of USL as on March 31, 2013 was Rs.6,39,296 lakhs, whereas the accumulated losses of TERN as on the same date was Rs. 1048 lakhs, implying there by that immediately upon amalgamation of TERN with USL, the networth of the amalgamated entity shall continue to remain positive. Amalgamation shall result in synergy of operations, consolidation of legal entities, rationalization of resources and economy of sales, through better purchasing/negotiation power with vendors, minimizing administrative costs and multi layer tax outflow. The amalgamation envisages continuation of employment, generation of income by way of taxes to the exchequer and other direct and indirect benefits to the public at large, especially to the shareholders and creditors of TERN.

Hence, the amalgamation as proposed under the Scheme is considered as viable. The profitability projections of USL post amalgamation are available in the ANNEXURE - 2 to 3.

VII. GENERAL TERMS AND CONDITIONS

- (i) TERN shall constitute a Management Committee (MC) consisting of a Whole Time Director and Senior Executives of USL. The MC will review, on a quarterly basis the operations of the company in all aspects & closely monitor the implementation of the revival scheme.
- (ii) TERN shall satisfy MC that the physical progress and all aspects of cost of the Scheme is complied with. Any financial shortfall arising out of the delayed implementation of the schedule or for any other reason shall be met by TERN/Promoters of TERN.
- (iii) TERN shall continue to submit its audited balance sheets (“ABS”) from cut off date onwards at the end of each financial year within (1) one month of the finalisation thereof to the BIFR. It shall ensure finalization of ABS in terms of the provisions of the Companies Act, 1956 or Companies Act, 2013 (as the case may be) without fail and the Board of Directors of TERN must ensure to avoid any delay.
- (iv) TERN shall submit progress reports (PR) regarding the implementation of the Scheme to BIFR on quarterly basis within 3 (three) months following the end of the quarter during the first 2 (two) years of the Scheme and on a half-yearly basis thereafter till full implementation.

- (v) Any disputed liability shall be paid by TERN as per the dues crystallized by the competent court of appeal in finality.

All current dues arising after cut off date to be paid by TERN in the normal course and no special protection of SICA would be available for this purpose.

- (vi) Dues upto cut off date not disclosed/covered in the DRS and any shortfall in performance or any other activity and contingent liability as & when any such liability falls due shall be met by TERN.
- (vii) For the purposes of this Scheme, USL shall be considered to have submitted to the jurisdiction of the BIFR. And the provisions of SICA to the extent as are applicable and required for implementation of this Scheme will be applicable to USL as itself and as transferee company.
- (viii) The sanction of this Scheme shall be considered to mean and include also in exercise of powers vested in BIFR under section 32 of SICA, and that the provisions of the Scheme shall have effect notwithstanding anything inconsistent therewith contained in any other Act except the provisions of the Foreign Exchange Management Act, 1999 and the Urban Land (Ceiling and Regulation) Act, 1976 for the time being in force or in the Memorandum and Articles of Association of TERN or in any other instrument having effect by virtue of any Act other than SICA as amended or re-enacted from time to time or any Act passed in replacement thereof.
- (ix) Reference to BIFR shall include any successor Tribunal or Forum or Authority, which is conferred with or which exercises the powers exercised by the BIFR under the applicable law.

Note:

All the above conditions shall also be applicable to United Spirits Limited as it is the Transferee Company

ANNEXURE - 1
SCHEME OF AMALGAMATION
BETWEEN
TERN DISTILLERIES PRIVATE LIMITED ("TERN")
WITH
UNITED SPIRITS LIMITED ("USL")
AND
THEIR RESPECTIVE SHAREHOLDERS

This Scheme of Amalgamation is presented, for amalgamation of Tern Distilleries Private Limited ("TERN") into United Spirits Limited ("USL") on a going concern basis.

The Scheme is divided into the following parts:

- I. Part A - dealing with background, share capital and definitions;
- II. Part B -- dealing with amalgamation of TERN into USL; and
- III. Part C -- dealing with General Terms and Conditions.

PART A - BACKGROUND, SHARE CAPITAL AND DEFINITIONS

1. BACKGROUND

TERN is a company engaged in the business of manufacturing Extra Neutral Alcohol with its manufacturing facility situated at Thallapalem (V), Kasimkota (M), Visakhapatnam 531 031, Andhra Pradesh. Post the acquisition of entire equity capital of TERN by USL from the erstwhile promoters of TERN in 2009, TERN has become a wholly owned subsidiary of USL.

USL, earlier known as McDowell & Company Ltd, is the largest alcoholic spirits company in India and among the top three Distilled Spirits companies, in terms of volume in the world. The shares of USL are listed on BSE Limited, the National Stock Exchange of India Limited and the Bangalore Stock Exchange Limited. With a product range of more than 140 brands across different flavours such as Scotch, Whisky, Vodka, Rum, Brandy, Gin and Wines, USL has the most sought-after brand portfolio in the industry. The fact that 17 out of 140 brands are "Millionaire Brands" (those that sell more than a million cases per annum) is a definite indication to the reach and popularity of USL's brands. USL exports to over 59 countries and has a sizeable presence in India with distilleries and sales offices all across the country, and a committed team of over 6,200 people dedicated to the fulfillment of USL's mission. It has established manufacturing and bottling plants in almost every state of India.

TERN has been incurring losses for the last several years and as on March 31, 2012, the accumulated loss of TERN was Rs. 543.82 lakhs. Accordingly, the entire net worth of TERN was eroded as at the end of the financial year, March 31, 2012. TERN vide its letter dated October 23, 2012, filed a reference in Form A, in terms of Regulation 19(1)(i) of Board for Industrial and Financial Reconstruction Regulations, 1987, with the Hon'ble Board for Industrial and Financial Reconstruction ("BIFR" as defined hereinbelow) and the same has been registered as Case No. 77/2012 on December 24, 2012. The Hon'ble BIFR at the hearing held on May 30, 2013 declared TERN as a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA").

This Scheme of Amalgamation ("Scheme") envisages the amalgamation of TERN into USL. The Scheme has been drawn up in accordance with the DRS (as defined hereinbelow) to facilitate revival of TERN.

2. SHARE CAPITAL

2.1 Authorised, issued, subscribed and paid up share capital of TERN as on March 31, 2013 was as under:

Particulars	Amount (in Rs.)
Authorised	
60,00,000 Equity Shares of Rs. 10/- each	60,000,000
TOTAL	60,000,000
Issued, Subscribed and Paid up	
40,00,000 Equity Shares of Rs. 10/- each fully paid up	40,000,000
TOTAL	40,000,000

The entire equity share capital of TERN is held by USL and its nominees. Subsequent to the Balance Sheet date i.e. March 31, 2013, there has been no change in the paid up share capital of TERN.

2.2 Authorised, issued, subscribed and paid up share capital of USL as on March 31, 2013 was as under:

Particulars	Amount (in Rs.)
Authorised	
39,50,00,000 Equity Shares of Rs. 10/- each	3,95,00,00,000
15,92,00,000 Preference Shares of Rs. 10/- each	1,59,20,00,000
TOTAL	5,54,20,00,000
Issued, Subscribed and Paid up	
13,07,94,968 Equity Shares of Rs. 10/- each fully paid up	1,30,79,49,680
TOTAL	1,30,79,49,680

Subsequent to 31st March, 2013, the issued, subscribed and paid-up share capital of USL has changed and the share capital as on date of approval to the Scheme by the Board of Directors of USL and TERN, the authorised, issued, subscribed and paid up share capital of USL is as under:

Particulars	Amount (in Rs.)
Authorised	
39,50,00,000 Equity Shares of Rs. 10/- each	3,95,00,00,000
15,92,00,000 Preference Shares of Rs. 10/- each	1,59,20,00,000
TOTAL	5,54,20,00,000
Issued, Subscribed and Paid up	
14,53,27,743 Equity Shares of Rs. 10/- each fully paid up	1,45,32,77,430
TOTAL	1,45,32,77,430

3. DEFINITIONS

In this Scheme, unless repugnant to the context, the following expressions shall have the following meaning:

- 3.1 "Act" means the Companies Act, 1956 or the Companies Act, 2013, as the case may be and any ordinances, rules and regulations made thereunder and shall include any statutory modifications re-enactment or amendment thereof.
- 3.2 "Appointed Date" means opening of business hours on April 1, 2013 or such other date as may be fixed by BIFR.

- 3.3 "BIFR" means the Board for Industrial and Financial Reconstruction constituted under Section 4 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- 3.4 "Board of Directors" OR "Board" means the board of directors of TERN or USL, as the case may be, and shall include a duly constituted committee thereof.
- 3.5 "DRS" means Draft Rehabilitation Scheme submitted to the BIFR under case No.77/2012 of the BIFR.
- 3.6 "Effective Date" or "coming into effect of this Scheme" means the date on which the last of the approvals/ events specified in Clause 16 of this Scheme are obtained or completed or have occurred.
- 3.7 "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Amalgamation submitted to the BIFR or any other statutory forum in its present form or with any modification(s) made under Clause 17 of the Scheme.
- 3.8 "SICA" means Sick Industrial Companies (Special Provisions) Act, 1985 or any statutory modification re-enactment or amendment thereof.
- 3.9 "TERN" means Tern Distilleries Private Limited, a company incorporated under Companies Act, 1956, as a private company limited by shares having its registered office at "UB House", Plot No. 36, Street No. 4, Srinagar Colony, Hyderabad – 500 073, Andhra Pradesh.
- 3.10 "USL" means United Spirits Limited, a company incorporated under Companies Act, 1956, as a public company limited by shares having its registered office at "UB Tower", # 24, Vittal Mallya Road, Bangalore — 560 001.
- 3.11 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 Companies Act, 1956, the Companies Act, 2013, the Sick Industrial Companies (Special Provisions) Act, 1985, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.
- 3.12 All headings, head notes, titles and table of contents in this Scheme are meant for reference only and shall not constitute the basis of interpretation.

4. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme as set out in its present form or with any modification(s) and amendment(s) made pursuant to Clause 17 of the Scheme in respect of amalgamation of TERN into USL shall be effective from the Appointed Date but shall be operative from the Effective Date.

PART B – AMALGAMATION OF TERN INTO USL

5. AMALGAMATION OF TERN

- 5.1 Pursuant to the provisions of SICA and upon coming into effect of this Scheme as per its provisions, TERN shall with effect from the Appointed Date, without any further act, instrument or deed, stand amalgamated with USL, along with all its assets and liabilities but subject to the changes affecting the same as on the Effective Date, on a going concern basis, without any further act, deed, matter or thing and in the following manner: and
- 5.2 Without prejudice to the generality of the foregoing
- 5.2.1 The entire business and whole of the undertaking of TERN as a going concern including all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets (whether movable or immoveable, tangible or intangible, real or personal, corporeal or incorporeal, including all current assets, funds, plant and machinery, equipments of all kind and every description, buildings, offices (including marketing offices and liaison offices), raw materials, capital work in progress, finished goods, goods-in-transit, furniture, fixtures, office equipment, appliances, accessories and vehicles, investments (including investments in subsidiaries), incentives whether granted by government, semi-government or any state or central nodal agency, if any, and all other rights of commercial nature, title, interest, copyrights, patents, trademarks, trade names, labels and other industrial or intellectual property rights of any nature whatsoever, contracts, agreements, consent, approvals or powers of every kind, nature and description of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and / or in the control of or vested in or granted in favour of or enjoyed by TERN, shall under the provisions of this Scheme and pursuant to the order of the BIFR sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be vested in and become available and/ or granted to and/ or deemed to be vested in or become available to USL so as to become the properties and assets of USL from the Appointed Date and shall be appropriately mutated, registered or recorded by the statutory authorities concerned therewith in favour of USL.
- 5.2.2 All permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, import entitlements, expressions of interest, authorizations, franchises, municipal and other statutory permissions, approvals, applications, consents, licenses, excise license, brand registrations/approvals, label registration/approvals, other registrations, sales tax registration, VAT registration, service tax registration, subsidies, concessions, exemptions, remissions, tax deferrals, tenancies in relation to office, bank accounts, lease rights, licenses, permits, power and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, water, including any existing water drawing agreement from any natural resource and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests shall vest in and become available to USL pursuant to this Scheme as if the said licenses, permits, permissions, registrations, approvals, authorizations, consents, applications and franchises were from the beginning given to USL and shall be appropriately mutated, registered or recorded by the statutory authorities concerned therewith in favour of USL. In so far as the various incentives, amnesty schemes, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person granted to or availed of by TERN, as the case may be are concerned, the same shall vest with and be available to USL on the same terms and conditions.
- 5.2.3 All secured and unsecured debts, all liabilities, duties, obligations and undertakings of TERN of any nature whatsoever along with any charge, encumbrance, lien or security of assets of TERN thereon (hereinafter referred to as "Liabilities") shall, without any further act, instrument or deed, be and stand transferred to and assumed in or be deemed to have been assumed to and vested in, USL, so as to become the Liabilities of USL.

Provided that notwithstanding anything contained in any document, papers or writings executed by TERN, this Scheme shall not operate to enlarge the security for any loan, deposit or facility treated by or available to TERN which shall vest in USL by virtue of the Scheme and USL shall not be obliged to create any further, or additional security therefore as a condition for approval of the Scheme, after coming into effect of this Scheme or otherwise.

- 5.2.4 Where any of the liabilities and obligations of TERN as on the Appointed Date transferred to USL have been discharged by TERN after the Appointed Date and prior to Effective Date, such discharge shall be deemed to have been for and on account of USL.
- 5.2.5 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by TERN after the Appointed Date and prior to the Effective Date shall, subject to the provisions of the Scheme, be deemed to have been raised, used, incurred or undertaken for and on behalf of USL and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to and vested in USL and shall become the debt, duties, undertakings, liabilities and obligations of USL which shall meet, discharge and satisfy the same.
- 5.2.6 It is expressly provided that, save as herein provided, no other terms or conditions of the liabilities transferred to USL shall be deemed to be modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 5.2.7 All assets accrued to and/or acquired by TERN in relation to or in connection with its business or undertaking after the Appointed Date but prior to the Effective Date, shall be deemed to have been accrued to and/or acquired for and on behalf of USL and shall also without any further act, instrument, deed, matter or thing be and stand transferred to USL to that extent and shall become the assets of USL.
- 5.2.8 All permanent staff, workmen and employees engaged by TERN as on the Effective Date shall stand transferred to USL, without any further act or deed to be done by TERN or USL.
- 5.3 The amalgamation of TERN with USL, pursuant to and in accordance with this Scheme covered in Clause 5 above, shall be in accordance with 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 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 the said Section. Such modification will however not affect the other parts of the Scheme.

6. CONDUCT OF BUSINESS OF TERN

During the period from the Appointed Date up to and including the Effective Date:

- 6.1 TERN shall carry on its business with reasonable diligence and in the same manner as it had been doing hitherto.
- 6.2 TERN shall (i) carry on and be deemed to have carried on its businesses and activities; and (ii) be deemed to have held and stood possessed of and shall hold and stand possessed of their entire businesses and undertakings, including assets; for and on account of and in trust for USL.
- 6.3 TERN shall not, without the written consent of Board of USL, alienate, charge or encumber any of its properties except in the ordinary course of business except pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by its Boards of Directors.
- 6.4 TERN shall not, without the written consent of Board of USL, undertake financial commitments except in the ordinary course of business.

- 6.5 TERN shall not vary or alter without the prior written concurrence of Board of Directors of USL, the terms and conditions of employment of any of its permanent staff, workmen or employees .
- 6.6 It is expressly provided that, all the profits or income accruing or arising to TERN or expenditure or losses arising to or incurred by TERN, from the Appointed Date till the Effective Date, shall for all purposes and intents be treated and be deemed to be the profits or incomes or expenditures or losses of USL.
- 6.7 All taxes (including income tax, sales tax, custom duty, service tax, etc) duties, cess, including but not limited to withholding taxes, advance tax, paid by or deposited on behalf of TERN or credited or refunded to them on or after the Appointed Date till the Effective Date shall be deemed to be taxes, duties, cess paid or deposited by and on behalf of USL or credited or refunded to them, as the case may be.
- 6.8 TERN shall be entitled, until the Effective Date of this Scheme, to apply to the central government and any other government or statutory authorities/agencies/body concerned as are necessary under any law for such consents, approvals, licenses, registrations and sanctions which USL may require to carry on the business of TERN.
- 6.9 With effect from the Effective Date, USL shall commence and carry on and shall be authorized to carry on the businesses carried on by TERN.

7. ISSUE OF SHARES

- 7.1 The entire issued, subscribed and paid up equity share capital of TERN is held by USL and/or its nominee/s. Accordingly, there shall be no issue of equity shares of USL and upon coming into effect of this Scheme, the equity shares of TERN held by USL and/ or its nominee/ s shall automatically stand cancelled and extinguished without any further act, deed, instrument, matter or thing.
- 7.2 Further, upon coming into effect of this Scheme, the investment in the equity shares of TERN, appearing in the books of account of USL, shall stand cancelled.

8. INCENTIVES

Entitlement of TERN, if any, to various benefits under incentive schemes, amnesty schemes and policies, upon the coming into effect of this Scheme, shall be vested in and become available to USL and all benefits, entitlements and incentives of any nature whatsoever including sales tax concessions, any amnesty schemes and incentives shall be claimed by USL and these shall relate back to the Appointed Date as if USL was entitled to all benefits under such incentive schemes and / or policies, subject to continued compliances by USL of all terms and conditions subject to which the benefit under the incentive schemes or any amnesty schemes, etc were made available to TERN.

9. ACCOUNTING TREATMENT IN BOOKS OF USL

With effect from the Appointed Date and upon coming into effect of this Scheme, USL shall account for the amalgamation from the Appointed Date, in its books as under:

- 9.1 USL shall account for amalgamation in accordance with the 'Purchase Method of Accounting' laid down by Accounting Standard 14 (Accounting for Amalgamation) prescribed under Companies (Accounting Standards) Rules, 2006;
- 9.2 USL shall record all the assets and liabilities of TERN transferred to and vested in USL pursuant to this Scheme at their fair values, as determined by the Board of Directors of USL.
- 9.3 Inter - company balances if any shall stand cancelled.
- 9.4 The excess, if any of the value of net assets (i.e. asset minus liabilities) of TERN transferred to and recorded by USL as per Clause 9.2, after adjustments as per Clause 9.3, over the value of investment in TERN in the books of USL and cancelled pursuant to this Scheme shall be recorded as Capital Reserve and in case of deficit the same would be accounted as Goodwill.

10. PERMANENT STAFF, WORKMEN AND EMPLOYEES

10.1 Upon coming into effect of the Scheme, all permanent staff, workmen and employees of TERN in service on the date immediately preceding the Effective Date shall be deemed to have become permanent staff, workmen and employees of USL on the Effective Date without any break or interruption in their service and on the terms and conditions of their employment not less favorable than those subsisting with reference to TERN as on the date immediately preceding the Effective Date.

10.2 It is expressly provided that, upon coming into effect of the Scheme, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts created or existing for the benefit of the permanent staff, workmen and employees of TERN shall be amalgamated with the trusts/ funds of USL to the end and intent that all rights, duties, powers and obligations of TERN in relation to such Fund or Funds or Trusts shall become those of USL. It is clarified that the services of the permanent staff, workmen and employees of TERN will be treated as having been continuous for the purpose of the said Fund or Funds.

11. LEGAL PROCEEDINGS

If any suit, appeal or other proceeding of whatever nature by or against TERN is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against USL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against TERN as if this Scheme had not been made.

12. CONTRACTS, DEEDS, ETC.

12.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to and to which TERN is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of USL, as the case may be, and may be enforced by or against USL respectively as fully and effectually as if, instead of TERN, USL had been a party thereto.

12.2 USL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which TERN will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. USL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of TERN and to implement or carry out all formalities required on the part of TERN to give effect to the provisions of this Scheme.

13. SAVING OF CONCLUDED TRANSACTIONS

The vesting of TERN as above and the continuance of proceedings by or against USL shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date (both days inclusive), to the end and intent that USL accepts and adopts all acts, deeds and things done and executed by TERN in respect thereto as done and executed on behalf of USL.

14. WINDING UP

Upon coming into effect of the Scheme, TERN shall be dissolved without being wound up and the name of TERN will be struck off the Register of Companies by the Registrar of Companies, Andhra Pradesh.

PART C - GENERAL TERMS AND CONDITIONS

15. GENERAL TERMS AND CONDITIONS

Upon coming into effect of this Scheme, the resolutions, if any, of TERN which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of USL and if any such resolutions have any upper monetary or other limits being imposed under the provisions of the Act or any other applicable provisions, then the said limits shall be added and constitute the aggregate of the said limits in USL.

16. SCHEME CONDITIONAL ON APPROVAL/SANCTIONS

16.1 The Scheme is conditional upon and subject to:

16.1.1 The Scheme being approved, with or without modification(s), by a special resolution passed by the shareholders as may be required under the applicable provisions of law;

16.1.2 Sanction of the Scheme by the BIFR;

16.1.3 The certified copies of the BIFR order referred to in the Scheme being filed with the Registrar of Companies, Karnataka by USL and Registrar of Companies, Andhra Pradesh by TERN;

16.1.4 Any other sanctions and approvals as may be required under the applicable law.

17. MODIFICATIONS/AMENDMENTS TO THE SCHEME AND GENERAL POWER TO THE BOARD OF DIRECTORS

17.1 TERN and USL through their respective Boards, may in their full and absolute discretion, carry out or assent to any modifications / amendments / alterations to the Scheme or to any conditions or limitations that BIFR and/ or any other competent authority or body, may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Boards), and may give such directions as they may consider necessary to settle any questions or difficulty that may arise under the Scheme or with regard to its implementation or in any matter connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholder of the respective company) and to do all acts, deed, and things as may be necessary, desirable or expedient for carrying this Scheme into effect; and the same shall be binding on all parties to the Scheme, in the same manner as if the same was specifically incorporated in the Scheme. TERN and USL through their respective Boards, are hereby authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any Government / regulatory / statutory authorities or bodies or otherwise howsoever arising out of or under or by virtue of the Scheme and /or any matter concerned or connected therewith.

17.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegates of TERN and USL may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. Provided that no modification or amendment to the Scheme will be carried out or effected by the Board without the approval of BIFR.

17.3 TERN and USL by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of, or under, or by virtue of this Scheme and/or any matter concerned or connected therewith..

18. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In the event of any of the approvals or conditions enumerated in Clause 16 above not obtained or complied, or for any other reason, this Scheme cannot be implemented or in case this Scheme is not sanctioned by the BIFR or any other appropriate authority by 31st December, 2014 or within such further period or periods as may be agreed upon

by the Board of Directors of TERN and USL, then the Scheme shall become null and void and in such event no rights or liabilities whatsoever shall accrue to or be incurred by TERN and USL. In such event, TERN and USL shall bear and pay their respective costs, charges and expenses in connection with this Scheme.

19. COSTS

Upon coming into effect of this Scheme, USL shall bear and pay all costs, charges, expenses, taxes including duties, levies, etc in connection with this Scheme.

20. SANCTION OF THE SCHEME

The sanction of this Scheme by the BIFR will be considered as intimation and binding on TERN, USL, their respective shareholders, creditors, debtors, permanent staff, workmen, employees and other concerned about the provisions of the Scheme to the extent they relate to such person / body / authority.

ANNEXURE - 2
TERN DISTILLERIES PRIVATE LIMITED
BALANCE SHEET as at

Rs. Lakhs

	Audited			Projection	
	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Gross Fixed Assets (including lease hold)	1,831.17	3,459.66	4,584.16	4,606.37	5,936.88
Accumulated Depreciation	386.00	470.26	635.88	841.34	1,085.94
<i>Net Fixed Assets</i>	1,445.17	2,989.40	3,948.28	3,765.03	4,850.94
Intangible Assets	-	-	-	-	-
Capital work-in-progress	1,535.00	1,983.75	1,260.16	1,368.66	146.66
Investments	-	-	-	-	-
Deferred Tax Assets (Net)	-	-	-	-	-
Current Assets					
Inventories					
Rawmaterial	177.43	249.09	205.08	244.68	269.15
Packing material, Stores and Spares	-	-	-	-	-
Stock-in-trade	-	-	-	-	-
Finished Goods	96.44	173.87	227.24	126.02	29.69
Work in Progress	-	-	-	-	-
<i>Total Inventories</i>	273.87	422.96	432.32	370.70	298.84
Sundry Debtors	7.93	8.51	8.88	-	-
Cash and Bank Balances	11.88	18.08	8.79	8.30	28.79
Loans, Advances & Deposits					
Loans	-	-	-	-	-
Advances		2.82	1.52	112.08	1.52
Prepaid taxes and duties	35.38	64.49	40.60	24.09	149.5
Prepaid expenses	0.43	0.24	-	45.29	0
Deposit with others	1.59	12.04	12.05	12.08	12.05
<i>Total advances</i>	37.40	79.59	54.17	193.55	163.07
Total Current Assets	331.08	529.14	504.15	572.54	490.70
Current Liabilities and Provisions					
Trade payables	26.94	72.95	58.35	75.78	279.13
Other Current liabilities	3.36	501.33	172.38	89.98	61.45
Provisions	2.94	3.31	4.50	4.08	4.49
Total Current Liabilities and Provisions	33.24	577.59	235.24	169.84	345.07
Net Working Capital	297.84	(48.45)	268.92	402.70	145.63
Net Tangible Assets	2,980.17	4,973.15	5,208.43	5,133.69	4,997.60

BALANCE SHEET as at (Contd...)

Rs. Lakhs

	Audited			Projection	
	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Term Debts					
Secured Loans					
Term Loans from Banks	-	-	-	-	-
Finance Lease	-	-	-	-	-
Working Capital Loan from Banks	-	-	-	-	-
<i>Sub-total</i>	-	-	-	-	-
Unsecured Loans					
Fixed Deposits	-	-	-	-	-
Long term loan from Banks	-	-	-	-	-
Inter Corporate Loan	3,415.44	5,068.52	6,065.64	7,597.92	7,553.48
Short term loans from banks	-	-	-	-	-
<i>Sub-total</i>	3,415.44	5,068.52	6,065.64	7,597.92	7,553.48
Total Debt	3,415.44	5,068.52	6,065.64	7,597.92	7,553.48
 Networth	 (137.43)	 (143.82)	 (588.29)	 (2,061.52)	 (2,410.25)
 <u>Networth represented by</u>					
Equity capital	400.00	400.00	400.00	-	-
Preference Capital	-	-	-	-	-
Reserves and Surplus	60.00	60.00	60.00	60.00	60.00
Balance in P&L Account	(597.45)	(603.82)	(1,048.29)	(2,121.52)	(2,470.25)
Total	(137.45)	(143.82)	(588.29)	(2,061.52)	(2,410.25)
 Current Ratio (CA+Investment)/CL)	 9.96	 0.92	 2.14	 3.37	 1.42
Debt Equity Ratio	(24.85)	(35.24)	(10.31)	(3.69)	(3.13)
Net Asset Cover (Times) of Secured debt excluding leased assets	-	-	-	-	-

TERN DISTILLERIES PRIVATE LIMITED
PROFIT AND LOSS ACCOUNT

Rs. in Lakhs

Particulars	Audited			Projection	
	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Gross Sales	2,092.52	3,151.98	1,139.55	1,720.40	5,755.71
<i>Details of product sold:</i>					
ENA	2,075.72	3,132.28	1,121.15	1,691.24	5,415.54
Impured Spirit	12.03	19.70	19.70	29.16	116.17
Organic Manure (Bio-compost)	4.77	-	-	-	-
Excise Duty	1.14	1.88	2.07	309.67	1,036.03
Net Sales	2,091.38	3,150.10	1,137.49	1,410.73	4,719.68
Other Income	-	-	-	-	-
Total Income	2,091.38	3,150.10	1,137.49	1,410.73	4,719.68
Consumption of Materials					
Raw Materials (a)	1,562.20	2,474.36	677.45	860.80	3,086.03
Packing Materials (b)	-	-	-	-	-
<i>Total Materials (a+b)</i>	<i>1,562.20</i>	<i>2,474.36</i>	<i>677.45</i>	<i>860.80</i>	<i>3,086.03</i>
Personnel	45.98	78.06	118.62	120.00	127.20
Factory overheads	319.44	572.77	625.26	682.10	893.74
Administration	20.66	25.18	53.87	59.86	61.10
Total	1,948.28	3,150.37	1,475.20	1,722.76	4,168.07
Variance in stock	111.18	(77.43)	(53.37)	-	-
<i>COP (of goods sold)</i>	<i>2,059.46</i>	<i>3,072.94</i>	<i>1,421.83</i>	<i>1,722.76</i>	<i>4,168.07</i>
Selling overheads	-	-	-	-	-
Cost of sales	2,059.46	3,072.94	1,421.83	1,722.76	4,168.07
Operating Profits	31.92	77.16	(284.35)	(312.03)	551.61
Add: Other Income	3.95	1.95	6.32	3.56	90.00
Less: Advances w/off	-	-	-	-	-
Profit before interest & depreciation	35.87	79.11	(278.03)	(308.47)	641.61
Finance Charges	18.75	0.13	0.09	559.30	745.73
Profit before Depreciation	17.12	78.98	(278.11)	(867.77)	(104.12)
Depreciation	79.25	85.34	166.36	205.46	244.60
Net Profit	(62.13)	(6.36)	(444.47)	(1,073.23)	(348.73)

ASSUMPTIONS UNDERLYING REHABILITATION-CUM-REVIVAL PROPOSAL

Sr
no

1	Unit Name	TERN DISTILLERIES PRIVATE LIMITED			
2	Cut off Date (COD)	December 31, 2013			
3	Product Description	Plant	Product	Category	
			ENA	Product	
			Rectified Spirits	Intermediary Product	
			Denatured Spirits/Impure Spirits	By product	
	1	Primary and Secondary Distillery Plant with ZLD	ENA	Product	
4	Working Days	Product	units	FY13_14	FY14_15
	a	Distillery	Days	151	300
		0			0
5	No of Months working			6	12
6	No of Hours working per day			24	24
7	Shifts Per day			3	3
8	Capacity of Plant	Product	Units	Installed Capacity	Capacity Utilisation
	a.				
	b.	Distillery	KLPD	38	38
	c.	0			
9	Capacity utilisation	Product	Capacity utilisation	FY13_14	FY14_15
		Distillery	KLPD	23.9	37.35
			%	63%	98%
10	ENA produced	Particulars	units	FY13_14	FY14_15
		ENA	KL	3,609	11,205
11	Estimated Annual Production	Products	Units	FY13_14	FY14_15
		ENA	KL	3,608.90	11,205.00
		Molasses (Procured from Outside)	MT	17,000.00	51,000.00
		SDS	KLPD	108.27	336.15

ASSUMPTIONS UNDERLYING REHABILITATION-CUM-REVIVAL PROPOSAL (Contd...)

12 Production available for Sale after Captive Consumption	Products	Units	FY13_14	FY14_15
	ENA	KL	3,608.90	11,205.00
	SDS/IS		108.27	336.15
13 Selling price Increase @ Annual Increase by	2% Products	Units	FY13_14	FY14_15
	8.0% ENA	INR/KL	39,080.00	42,206.40
	1000 SDS	INR/KL	28,000.00	29,000.00
14 Sales Realisation	Products	Units	FY13_14	FY14_15
	ENA	Rs lacs/KL	1,410.36	4,729.23
	SDS	Rs lacs/KL	30.31	97.48
			1,440.67	4,826.71
15 Depreciation Rates	Particulars		SLM (%)	SLM (%)
	Land- freehold		0.00%	0.00%
	Buildings		3.34%	3.34%
	Plant and Equipments (3 shifts)		10.18%	10.18%
	Furnitures and Fixtures		6.33%	6.33%
	Vehicles		20.00%	20.00%
	Office Equipments		4.75%	4.75%
16 Working capital Assumptions	Particulars			Month's Holding
	Raw Materials			2.00
	Stores & Spares			4.00
	Work in Process			0.30
	Finished Goods			0.50
	Bills Receivable			-
	Sundry Creditors (stores and Spares)			2.00
	Creditors (RM)			1.00
	Loans & Advances			-
	Working Capital Loan from Holding Co. Rate		Rate of interest	13%
17 Rate of Interest	Year		Fy 13-14	Fy 14-15
	Holding Company		13.00%	13.00%

UNITED SPIRITS LIMITED
BALANCE SHEET as at

Rs. in Lakhs

	Audited			Projection	
	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Gross Fixed Assets (including lease hold)	117,966.43	144,844.49	153,942.46	189,004.25	209,388.19
Accumulated Depreciation	26,999.28	32,473.06	38,367.08	46,424.41	55,813.19
Net Fixed Assets	90,967.15	112,371.43	115,575.38	142,579.83	153,575.00
Intangible Assets	252.48	211.52	170.56	129.61	88.67
Capital work-in-progress	3,600.72	5,671.79	3,419.74	2,051.84	1,367.90
Investments	145,325.07	162,932.11	160,219.79	82,635.07	82,635.07
Deferred Tax Assets (Net)	2,027.36	2,867.85	3,257.77	2867.85	2867.85
Current Assets					
Inventories					
Rawmaterial	10,108.65	15,877.03	13,036.43	13,688.25	14,372.66
Packing material, Stores and Spares	13,609.90	17,685.01	16,502.24	17,327.35	18,193.72
Stock-in-trade	1,117.81	866.72	824.49	772.00	787.44
Finished Goods	27,308.74	29,069.90	37,018.53	37,827.88	38,584.44
Work in Progress	64,068.05	81,724.94	64,764.23	58,929.37	60,476.33
Total Inventories	116,213.15	145,223.60	132,145.92	128,544.85	132,414.59
Sundry Debtors	95,858.83	128,280.00	176,869.06	178,512.28	208,829.02
Cash and Bank Balances	15,492.04	27,769.98	18,361.75	66,876.59	58,980.61
Loans, Advances & Deposits					
Loans	445,566.34	510,607.76	587,799.15	678,967.97	737,086.25
Advances	19,113.06	3,621.02	4,042.08	4,082.50	4,123.33
Prepaid taxes and duties	19,392.96	22,893.24	23,493.95	23,728.89	23,966.18
Prepaid expenses	32,697.22	30,858.20	23,532.41	23,767.73	24,005.41
Deposit with others	29,487.32	56,864.00	56,277.79	56,840.57	57,408.97
Total advances	546,256.90	624,844.22	695,145.38	787,387.66	846,590.14
Total Current Assets	773,820.92	926,117.80	1,022,522.11	1,161,321.39	1,246,814.35
Current Liabilities and Provisions					
Trade payables	108,386.89	146,753.29	161,564.19	90,251.02	105,287.87
Other Current liabilities	86,797.86	120,084.96	157,709.60	95,978.01	88,208.80
Provisions	10,236.62	11,001.81	11,108.38	7,851.43	8,244.00
Total Current Liabilities and Provisions	205,421.37	277,840.06	330,382.17	194,080.46	201,740.67
Net Working Capital	568,399.55	648,277.74	692,139.94	967,240.93	1,045,073.68
Net Tangible Assets	242,172.78	284,054.70	282,643.24	230,264.20	240,534.49

BALANCE SHEET as at (Contd..)

Rs. in Lakhs

	Audited			Projection	
	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Term Debts					
<i>Secured Loans</i>					
Term Loans from Banks	126,237.63	95,341.05	83,658.12	51,045.91	50381.41
Finance Lease	31.13	138.26	75.51	37.76	-
Working Capital Loan from Banks	88,277.08	174,564.89	186,724.01	199,881.21	205,537.12
Short term loans from Banks				-	-
<i>Sub-total</i>	<i>214,545.84</i>	<i>270,044.20</i>	<i>270,457.64</i>	<i>250,964.88</i>	<i>255,918.53</i>
<i>Unsecured Loans</i>					
Fixed Deposits	30,193.81	27,141.74	14,981.74	11236.305	5,618.15
Long term loan from Banks	15,200.00	16,541.86	855.52	-	-
Inter Corporate Deposit	755.92	755.92	292.18	-	-
Short term loans from banks	39,500.00	30,000.00	49,000.00	-	-
<i>Sub-total</i>	<i>85,649.73</i>	<i>74,439.52</i>	<i>65,129.44</i>	<i>11,236.31</i>	<i>5,618.15</i>
Total Debt	300,195.57	344,483.72	335,587.08	262,201.19	261,536.69
Networth	510,376.76	587,848.72	639,196.10	935,303.95	1,024,071.49
Networth represented by					
Equity capital	13,079.50	13,079.50	13,079.50	14,532.50	14,532.50
Preference Capital		-			
Reserves and Surplus	343,717.55	395,710.43	423,778.53	625,280.53	625,280.53
Balance in P&L Account	153,579.71	179,058.79	202,338.07	295,490.91	384,258.45
Total	510,376.76	587,848.72	639,196.10	935,303.94	1,024,071.48
Current Ratio [(CA+Investment)/ CL]			3.09	5.98	6.18
Debt Equity Ratio			0.51	0.28	0.25
Net Asset Cover (Times) of secured debt excluding leased assets - without SCB					

UNITED SPIRITS LIMITED
PROFIT AND LOSS ACCOUNT

Rs. in Lakhs

	Audited			Projection	
	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Gross Sales	1,236,611.79	1,558,054.03	1,838,971.94	2,064,972.90	2,326,013.81
Sales Tax	2,455.66	2,861.56	2,987.79		
Excise Duty	646,771.33	850,375.89	1,036,655.02	1,163,959.22	1,308,192.27
<i>Net Sales</i>	587,384.80	704,816.58	799,329.13	901,013.67	1,017,821.54
Other Income	51,781.39	50,379.96	56,193.10	58,913.07	64,759.23
Total Income	639,166.19	755,196.54	855,522.23	959,926.74	1,082,580.77
Consumption of Materials					
Raw Materials (a)	167,234.91	211,488.53	233,906.03	262,478.91	294,658.92
Packing Materials (b)	142,330.21	171,126.29	191,880.21	218,570.09	248,302.31
Purchased material (c)	76,249.18	85,927.34	72,510.90	83,387.54	93,394.04
<i>Total Materials (a+b+c)</i>	385,814.30	468,542.16	498,297.14	564,436.53	636,355.27
Personnel	36,981.51	42,100.75	47,644.47	52,408.92	57,649.81
Factory overheads	5,452.40	6,507.34	6,521.74	8,526.29	11,338.24
Administration	57,004.58	65,216.43	80,731.58	87,958.13	99,345.88
<i>Total</i>	485,252.79	582,366.68	633,194.93	713,329.86	804,689.20
Variance in stock	(27,733.08)	(17,982.08)	17,047.64	12,880.34	5,668.90
<i>COP (of goods sold)</i>	457,519.71	564,384.60	650,242.57	726,210.20	810,358.10
Selling overheads	80,251.99	91,745.31	94,026.29	119,347.52	137,558.64
<i>Cost of sales</i>	537,771.70	656,129.91	744,268.86	845,557.72	947,916.73
Operating Profits	101,394.49	99,066.63	111,253.37	114,369.02	134,664.04
Add: Other Income	4,917.83	13,968.06	10,158.03	16,980.00	17,020.00
Less: Advances w/off	314.81	352.96	370.44	388.96	400.63
Profit before interest & depreciation	105,997.51	112,681.73	121,040.96	130,960.06	151,283.41
Finance Charges	46,746.73	55,126.65	63,293.79	56173.731	56592.974
Profit before Depreciation	59,250.78	57,555.08	57,747.17	74,786.33	94,690.44
Depreciation	4,774.70	6,084.53	7,182.68	8337.733	9429.733
Net Profit	54,476.08	51,470.55	50,564.49	66,448.60	85,260.70

UNITED SPIRITS LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED

Rs. in Lakhs

		Audited		
		31-Mar-11	31-Mar-12	31-Mar-13
I.	Cash Flow from operating activities :			
	Loss for the year	54,476.78	51,470.55	50,564.49
	Adjustment for :			
	Depreciation	4,774.70	6,084.53	7,182.68
	Unrealised Foreign Exchange Loss / (Gain)	3,454.21	(5,026.61)	(3,332.62)
	Bad Debts/ Advances written off	314.81	352.96	370.44
	Loss/(Gain) on Fixed Assets Sold/Written off (Net)	(33.81)	(39.73)	1,618.57
	Loss/(Gain) on Sale of Investments (Net)	-	-	40.04
	Liabilities no longer required written back	(957.02)	(7,866.27)	(2,136.90)
	Provision for Doubtful Debts/ Advances/ Deposits (Net)	2,902.73	4,328.15	5,351.29
	Provision for diminution in value of Investments (Net)	-	3.26	-
	Provision - Others	1,673.42	1,515.40	106.58
	Interest Expense and Finance Charges	44,489.29	59,434.50	65,617.22
	Income from investments	(522.59)	(446.07)	483.89
	Interest Income	(4,210.27)	(5,592.06)	(7,509.89)
	Operating profit/ (loss) before working capital changes	106,362.25	104,218.61	118,355.79
	Adjustments for:			
	(Increase)/Decrease in current assets/non-current assets	(50,955.98)	(104,884.31)	(28,423.39)
	Increase/(Decrease) in current liabilities/non-current liabilities	21,867.57	52,438.34	34,382.37
	Exceptional and Other Non-Recurring Items	(8,717.98)	-	-
	Cash generated from operating activities	68,555.86	51,772.64	124,314.77
	Direct taxes paid	(19,258.61)	(12,689.87)	(16,373.30)
	Net cash generated from operations	49,297.25	39,082.77	107,941.47
II.	Cash flows from investing activities :			
	Purchase of fixed assets	(19,590.11)	(28,318.89)	(12,926.17)
	Sale of fixed assets	166.92	126.63	3,511.54
	Finance Lease Payments	(82.59)	-	(116.09)
	Purchase of long term investments	(867.36)	-	-
	Consideration paid on acquisition of shares in a subsidiary	(10,398.52)	(3,996.41)	6,571.22
	Investment in an Associate	(351.98)	-	-
	Disposal of Investment in Subsidiary	6.00	-	-
	Purchase of current investments	-	(1,600.00)	1,875.87
	Investments in bank deposits (with maturity of more than 3 months)	(2,537.42)	(202.94)	1,192.75
	Reduction in investment cost	-	(2,463.27)	-
	Loans given to Subsidiaries	(30,451.06)	(60,425.55)	(79,564.72)
	Inter Corporate Deposits	-	-	4,371.74
	Realisation of Loans from Subsidiary	39,841.40	55,842.66	14,376.33
	Interest received	4,197.29	5,300.17	7,403.72
	Dividend received	467.84	391.95	(651.83)
	Net cash used in investing activities	(19,599.59)	(35,345.65)	(53,955.64)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED (Contd...)

Rs. in Lakhs

	Audited		
	31-Mar-11	31-Mar-12	31-Mar-13
III. Cash flow from financing activities :			
Proceeds/(Repayment) of long term loans:			
Proceeds	32,187.00	11,490.00	60,831.31
Repayment	(82,354.51)	(30,411.72)	(65,699.84)
Proceeds/(Repayment) of fixed deposits	31,965.76	9,779.50	(19,632.07)
Proceeds/(Repayment) of short term loans	54,700.00	35,500.00	34,000.00
Repayment of short term loan	(40,200.00)	(45,000.00)	(15,000.00)
Working Capital Loan / Cash Credit from Banks (net)	12,684.01	86,287.77	12,159.12
[including on Finance lease Rs 3.427 Million (2011: Rs 1.350 Million)]	(47,925.63)	(57,852.97)	(65,666.35)
Dividends paid	(3,135.75)	(3,261.94)	(3,263.03)
Corporate Tax on distributed profit	(521.49)	(543.09)	(530.47)
Net cash generated from/(used in) financing activities	(42,600.61)	5,987.55	(62,801.33)
Net increase in cash & cash equivalents	(12,902.95)	9,724.67	(8,815.50)
Cash and cash equivalents at the beginning of the year	24,646.70	13,441.70	23,166.37
Cash and Cash Equivalents of Transferor companies	1,697.95	-	-
Cash and cash equivalents at the end of the year	13,441.70	23,166.37	14,350.87
Cash and cash equivalents comprises of:			
Cash on hand	32.99	49.08	45.59
Balance with banks	13,408.71	23,117.29	14,305.28
	13,441.70	23,166.37	14,350.87

ANNEXURE - 3

**UNITED SPIRITS LIMITED
PROFORMA CONSOLIDATED BALANCE SHEET AS AT**

Rs. in Lakhs

	Audited			Projection	
	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Gross Fixed Assets (including lease hold)	119,797.60	148,304.15	158,526.62	193,610.62	215,325.07
Accumulated Depreciation	27,385.28	32,943.32	39,002.96	47,265.75	56,899.13
Net Fixed Assets	92,412.32	115,360.83	119,523.66	146,344.87	158,425.94
Intangible Assets	252.48	211.52	170.56	129.61	88.67
Capital work-in-progress	5,135.72	7,655.54	4,679.90	3,420.50	1,514.56
Investments	143,929.68	161,536.72	158,824.40	81,239.68	81,239.68
Deferred Tax Assets (Net)	2,027.36	2,867.85	3,257.77	2,867.85	2,867.85
Current Assets					
Inventories					
Rawmaterial	10,286.08	16,126.12	13,241.51	13,932.93	14,641.81
Packing material, Stores and Spares	13,609.90	17,685.01	16,502.24	17,327.35	18,193.72
Stock-in-trade	1,117.81	866.72	824.49	772.00	787.44
Finished Goods	27,405.18	29,243.77	37,245.77	37,953.90	38,614.13
Work in Progress	64,068.05	81,724.94	64,764.23	58,929.37	60,476.33
Total Inventories	116,487.02	145,646.56	132,578.24	128,915.55	132,713.43
Sundry Debtors	95,866.76	128,288.51	176,877.94	178,512.28	208,829.02
Cash and Bank Balances	15,503.92	27,788.06	18,370.54	66,884.89	59,009.40
Loans, Advances & Deposits					
Loans	442,150.90	505,539.24	581,733.51	671,370.06	729,532.77
Advances	19,113.06	3,623.84	4,043.60	4,194.58	4,124.85
Prepaid taxes and duties	19,428.34	22,957.73	23,534.55	23,752.98	24,115.68
Prepaid expenses	32,697.65	30,858.44	23,532.41	23,813.03	24,005.41
Deposit with others	29,488.91	56,876.04	56,289.83	56,852.65	57,421.02
Total advances	542,878.86	619,855.29	689,133.90	779,983.30	839,199.73
Total Current Assets	770,736.56	921,578.42	1,016,960.62	1,154,296.02	1,239,751.57
Current Liabilities and Provisions					
Trade payables	108,413.83	146,826.24	161,622.54	90,326.80	105,567.00
Other Current liabilities	86,801.22	120,586.29	157,881.98	96,067.99	88,270.25
Provisions	10,239.56	11,005.12	11,112.88	7,855.51	8,248.49
Total Current Liabilities and Provisions	205,454.61	278,417.65	330,617.41	194,250.30	202,085.74
Net Working Capital	565,281.95	643,160.77	686,343.21	960,045.72	1,037,665.83
Net Tangible Assets	243,757.56	287,632.46	286,456.28	234,002.51	244,136.70

PROFORMA CONSOLIDATED BALANCE SHEET AS AT (Contd...)

Rs. in Lakhs

	Audited			Projection	
	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Term Debts					
Secured Loans					
Term Loans from Banks	126,237.63	95,341.05	83,658.12	51,045.91	50,381.41
Finance Lease	31.13	138.26	75.51	37.76	-
Working Capital Loan from Banks	88,277.08	174,564.89	186,724.01	199,881.21	205,537.12
Short term loans from banks	-	-	-	-	-
<i>Sub-total</i>	214,545.84	270,044.20	270,457.64	250,964.88	255,918.53
Unsecured Loans					
Fixed Deposits	30,193.81	27,141.74	14,981.74	11,236.31	5,618.15
Long term loan from Banks	15,200.00	16,541.86	855.52	-	-
Inter Corporate Deposit	755.92	755.92	292.18	-	-
Short term loans from banks	39,500.00	30,000.00	49,000.00	-	-
<i>Sub-total</i>	85,649.73	74,439.52	65,129.44	11,236.31	5,618.15
Total Debt	300,195.57	344,483.72	335,587.08	262,201.19	261,536.69
Networth	508,843.94	586,309.51	637,212.42	931,847.04	1,020,265.85
Networth represented by					
Equity capital	13,079.50	13,079.50	13,079.50	14,532.50	14,532.50
Preference Capital	-	-	-	-	-
Reserves and Surplus	342,184.73	394,171.22	421,794.85	621,823.63	621,474.90
Balance in P&L Account	153,579.71	179,058.79	202,338.07	295,490.91	384,258.45
Total	508,843.94	586,309.51	637,212.42	931,847.04	1,020,265.85
Current Ratio (CA+Investment)/CL)	3.75	3.31	3.08	5.94	6.13
Debt Equity Ratio	0.59	0.59	0.53	0.28	0.26

UNITED SPIRITS LIMITED
PROFORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT

Rs. in Lakhs

Particulars	Audited			Projection	
	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Gross Sales	1,236,611.79	1,558,054.03	1,838,971.94	2,064,972.90	2,326,013.81
Sales Tax	2,455.66	2,861.56	2,987.79	-	-
Excise Duty	646,771.33	850,375.89	1,036,655.02	1,163,959.22	1,308,192.27
<i>Net Sales</i>	587,384.80	704,816.58	799,329.13	901,013.67	1,017,821.54
Other Income	51,781.39	50,379.96	56,193.10	58,913.07	64,759.23
Total Income	639,166.19	755,196.54	855,522.23	959,926.74	1,082,580.77
Consumption of Materials					
Raw Materials (a)	166,704.59	210,810.91	233,443.92	261,619.31	291,989.24
Packing Materials (b)	142,330.21	171,126.29	191,880.21	218,570.09	248,302.31
Purchased material (c)	76,249.18	85,927.34	72,510.90	83,387.54	93,394.04
<i>Total Materials (a+b+c)</i>	385,283.98	467,864.54	497,835.03	563,576.93	633,685.59
Personnel	37,027.49	42,178.81	47,763.09	52,528.92	57,777.01
Factory overheads	5,771.84	7,080.11	7,147.00	9,208.39	12,231.97
Administration	57,025.24	65,241.61	80,785.45	88,017.99	99,406.99
<i>Total</i>	485,108.55	582,365.07	633,530.58	713,332.22	803,101.56
Variance in stock	(27,621.90)	(18,059.51)	16,994.27	12,880.34	5,668.90
<i>COP (of goods sold)</i>	457,486.65	564,305.56	650,524.85	726,212.56	808,770.46
Selling overheads	80,251.99	91,745.31	94,026.29	119,347.52	137,558.64
<i>Cost of sales</i>	537,738.64	656,050.87	744,551.14	845,560.08	946,329.10
Operating Profits	101,427.55	99,145.67	110,971.09	114,366.66	136,251.68
Add: Other Income	4,921.78	13,970.01	10,164.35	16,983.56	17,110.00
Less: Advances w/off	314.81	352.96	370.44	388.96	400.63
Profit before interest & depreciation	106,034.52	112,762.72	120,765.00	130,961.26	152,961.05
Finance Charges	46,765.48	55,126.78	63,293.88	56,733.03	57,338.71
Profit before Depreciation	59,269.04	57,635.94	57,471.12	74,228.23	95,622.34
Depreciation	4,853.95	6,169.87	7,349.04	8,543.19	9,674.34
Net Profit	54,415.09	51,466.07	50,122.08	65,685.04	85,948.00



UNITED SPIRITS LIMITED

Registered Office: "UB Tower", # 24, Vittal Mallya Road, Bangalore – 560 001.

Tel: +91 80 3985 6500; Fax: +91 80 3985 6862; www.unitedspirits.in

FORM OF PROXY

I/We _____ the undersigned, being the equity shareholder(s) of United Spirits Limited, hereby appoint _____ of _____ and failing him/her _____ of _____ as my/our proxy, to vote for me/us on my / our behalf at the Extraordinary General Meeting of the Equity Shareholders of the Company to be held at "The Senate", The Capitol, 3, Raj Bhavan Road, Bangalore – 560 001 on Tuesday, the 18th day of March, 2014 at 10.30 am and any adjournment(s) thereof.

Signed this ____ day of _____, 2014

Signature across the stamp

Name : _____
Address : _____
(For Physical holding) Folio No. : _____
(For Demat holding) DP ID : _____
Client ID : _____
No. of Shares held : _____

Affix Re 1/-
revenue
stamp

Notes:

1. Proxy must be deposited at the Registered Office of the Company, not later than 48 (FORTY EIGHT) hours before the time scheduled / fixed for the said meeting.
2. Proxy need not be a member of the Company.
3. In case of multiple proxies, the proxy later in time shall be accepted.
4. All alterations made in the Form of Proxy should be initialled.
5. Strikeout whichever is not necessary.



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ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I hereby record my presence at the Extraordinary General Meeting of the Equity Shareholders of the Company, convened at "The Senate", The Capitol, 3, Raj Bhavan Road, Bangalore - 560 001 on Tuesday, the 18th day of March, 2014 at 10.30 am.

Name and Address of the Equity Shareholder (IN BLOCK LETTERS)	
Folio No. /DP ID/Client ID	
No. of Shares	
Signature	

Name of the Proxy (IN BLOCK LETTERS)

Signature

NOTE : Shareholders/Proxy holder/Authorised Representative are requested to bring the Attendance Slip duly filled-in and signed with them when they come to the meeting and hand it over at the entrance of the Meeting Hall.