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ADVERTISEMENT IN ACCORDANCE WITH REGULATION 18(7) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, AS AMENDED, ("SEBI (SAST) REGULATIONS") WITH RESPECT TO THE OPEN OFFER TO THE PUBLIC SHAREHOLDERS OF

PIONEER DISTILLERIES LIMITED

REG. OFFICE: UB HOUSE, PLOT NO.36, STREET NO.4, SRINAGAR COLONY, HYDERABAD - 500 073 TEL: +91 40 6674 7388 FAX: +91 40 6674 7386

This advertisement ("**Pioneer Offer Opening Public Announcement**") is being issued by JM Financial Institutional Securities Private Limited, the manager to the Offer ("**Manager**" / "**JM Financial**") for and on behalf of the Acquirer and the PACs, in compliance with Regulation 18(7) of the SEBI (SAST) Regulations. The Pioneer Offer Opening Public Announcement is to be read together with the Pioneer Public Announcement dated November 9, 2012, the Pioneer Detailed Public Statement which was published on July 11, 2013 and the Pioneer Letter of Offer dated August 22, 2013. The Pioneer Detailed Public Statement with respect to the Offer was published in the Economic Times (all editions), English national daily, Navbharat Times (all editions), Hindi national daily, Maharashtra Times (Mumbai edition), Marathi regional daily and Vaartha (Hyderabad edition), Telugu regional daily.

Capitalized terms not defined herein shall have the meaning as assigned to such terms in the Pioneer Public Announcement, the Pioneer Detailed Public Statement or the Pioneer Letter of Offer. Public Shareholders may please note the following:

Offer Price

The Offer Price is ₹ 64.02 per Equity Share. The same is justified in terms of Regulation 8(3) and Regulation 8(4) of the SEBI (SAST) Regulations, being the highest of the following parameters:

SL. No.	Details	₹
A	The highest negotiated price per sale share of PDL (as per the SPA) attracting the obligation of the Open Offer	NA
B	The volume weighted average price paid or payable per Equity Share by the Acquirer or the PACs during the fifty two weeks immediately preceding the date of the Pioneer PA	NA
C	The highest price paid or payable per Equity Share for any acquisition by the Acquirer or the PACs during the twenty six weeks immediately preceding the date of the Pioneer PA	NA
D	The volume weighted average market price of the Equity Shares during the sixty trading days immediately preceding the date of the Pioneer PA as traded on BSE, being the stock exchange on which the Equity Shares were most frequently traded for the said period, provided such Equity Shares are frequently traded	NA
E	Fair Value per Equity Share as determined taking into account, *inter alia* valuation report Ref DHS/G-200/132 dated November 9, 2012 issued by Deloitte Haskins & Sells, Chartered Accountants, (Registration Number. 117365W) i.e. ₹60.00 per Equity Share as enhanced by ₹4.02 being the sum determined at the rate of 10 per cent per annum for the period between the date of Pioneer PA and the date of the PDPS, in accordance with the provisions of Regulation 8(12) of the SEBI (SAST) Regulations	64.02*

*Note 1: In the case of Hindustan Lever Employees' Union versus Hindustan Lever Limited (1995), the Hon'ble Supreme Court upheld the use of the following three bases of valuation: (i) the yield method; (ii) the net asset value method; and (iii) the market value method. In the case of the Target Company as the Target Company is currently incurring losses and its entire net worth has been eroded, the yield method and the net asset value method are not being applied. The 60 day volume weighted average market price of the Target Company as of November 8, 2012 (i.e. the date immediately prior to the date of the PA) was ₹40.56 on the NSE and ₹41.43 on the BSE ("**60 day VWAMP**"). The Offer Price is in excess of the 60 day VWAMP.*

**CA certificate dated July 10, 2013 issued by Deloitte Haskins & Sells, Chartered Accountants, registration number 117365W*

Recommendation of the Committee of Independent Directors of the Target Company

The committee of independent directors ("**IDC**") of the Target Company is of the opinion that the Offer Price to the Public Shareholders of the Target Company is in compliance with the SEBI (SAST) Regulations and is fair and reasonable as of the date of the Pioneer PA. The IDC's recommendation was published on August 26, 2013 in the same newspapers in which the PDPS was published. A summary of the recommendations is provided below:

1. The constitution of the IDC was as under:
   (a) Mr. M.R. Doraiswamy Iyengar - Chairman of the IDC; and
   (b) Mr. C.L. Jain
2. The IDC opined that the Offer Price to the Public Shareholders of the Target Company is in compliance with the SEBI (SAST) Regulations and is fair and reasonable as of the date of the Pioneer PA. However the Public Shareholders should independently evaluate the Offer and take an informed decision in the matter.
3. The IDC took into consideration the following in making their recommendation:
   (a) The Offer is pursuant to the indirect acquisition of Equity Shares (by virtue of the acquisition of equity shares of USL by the Acquirer) in terms of Regulation 3(1), Regulation 4 and Regulation 5 of the SEBI (SAST) Regulations. The relevant date for the recommendation by the IDC is November 9, 2012 being the date of the Pioneer PA;
   (b) The Target Company has incurred losses for the last 2 years and six months ended September 30, 2012;
   (c) The book value is negative as on November 9, 2012 and the Target Company has been referred to the BIFR and necessary orders are awaited;
   (d) The Equity Shares are infrequently traded in terms of the SEBI (SAST) Regulations; and
   (e) Price Waterhouse & Co. acted as professional advisor to the IDC and is of the view that the Offer Price of ₹60.00 per Equity Share on the date of the Pioneer PA, is reasonable and fair, from a financial point of view. Further, the Offer Price of ₹60.00 per Equity Share has been enhanced by ₹4.02 being the sum determined at the rate of 10 per cent per annum for the period between the date of the Pioneer PA and the date of the PDPS.

Other Details of the Offer

1. The Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
2. The Pioneer Letter of Offer dated August 22, 2013 has been dispatched as of August 23, 2013 to all the Public Shareholders whose name appeared in the register of members on August 16, 2013, the Identified Date.
3. The Pioneer Letter of Offer and the Form of Acceptance cum Acknowledgement is available on SEBI's website (www.sebi.gov.in). In case of non-receipt of the Pioneer Letter of Offer, Public Shareholders, including those who have acquired Equity Shares after the Identified Date, if they so desire, may download the Pioneer Letter of Offer and / or the Form of Acceptance cum Acknowledgement from SEBI's website. Further, Public Shareholders may also participate in this Offer by submitting an application on plain paper giving the following details:
   a. In case of Public Shareholders holding Equity Shares in physical form:
      (i) Name(s), addresses and signature of the holder(s);
      (ii) Number of Equity Shares being tendered, distinctive number and folio numbers of such Equity Shares;
      (iii) Original share certificates;
      (iv) Valid transfer forms duly signed by all holder(s) in same order and as per the specimen signature(s) registered with and duly witnessed at the appropriate places; and
      (v) A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificates from income tax authorities, as applicable.
   b. In case of Public Shareholders holding Equity Shares in dematerialized form:
      (i) Name(s), addresses and signature of the holder(s);
      (ii) Number of Equity Shares being tendered, distinctive number and folio numbers of such Equity Shares;
      (iii) A photocopy of the delivery instruction slip in "off-market" mode or counterfoil of the delivery instruction slip in "off-market" mode, duly acknowledged by the relevant DP;
      (iv) Public Shareholders having beneficiary account in CDSL must use an inter-depository delivery instruction for the purpose of crediting their Equity Shares in favour of the escrow depository account with NSDL; and
      (v) A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificate from income tax authorities, as applicable.

   Please note that in each case, where the aforesaid documents have not been submitted but the Equity Shares have been transferred to the Open Offer Escrow Demat Account, the Equity Shares shall be deemed to have been accepted for all resident Public Shareholders.

   For the purpose of the Offer, the Registrar to the Offer has opened the Open Offer Escrow Demat Account in the name and style of "USL - PDL Open Offer Escrow Demat Account" with DSP Merrill Lynch Limited as the Depository Participant in NSDL. The DP ID is IN302638 and the Client ID is 10066850.
4. SEBI vide letter no. CFD/DCR/TO/DV/OW/20086/2013 dated August 13, 2013 and letter no. CFD/DCR/TO/DV/OW/20701/2013 dated August 20, 2013 ("**SEBI Observations**") has issued the observations on the Pioneer Draft Letter of Offer with respect to the Offer. The SEBI Observations have been duly incorporated in the Pioneer Letter of Offer.

Material Updates from date of the Pioneer Detailed Public Statement

1. Financial information of Diageo plc

Diageo plc has announced its results for the financial year ended June 30, 2013. Brief audited financial information of Diageo plc on a consolidated basis as at and for the financial years ended June 30, 2013, 2012 and 2011 is provided below:

(In million)

Profit & Loss Statement	For the year ended June 30, 2013		For the year ended June 30, 2012		For the year ended June 30, 2011	
	£	*₹	£	*₹	£	*₹
Income from operations[1]	11,433	1,032,971	10,762	972,347	9,936	897,718
Other income[2]	199	17,980	213	19,244	176	15,901
Total income[3]	**11,632**	**1,050,951**	**10,975**	**991,591**	**10,112**	**913,619**
Total expenditure[4]	(7,682)	(694,068)	(7,046)	(636,606)	(7,003)	(632,721)
PBIDAT[5]	**3,950**	**356,883**	**3,929**	**354,985**	**3,109**	**280,898**
Depreciation, amortization and impairment	(403)	(36,412)	(411)	(37,134)	(352)	(31,803)
Interest[6]	(424)	(38,308)	(397)	(35,869)	(397)	(35,869)
Profit before taxation	**3,123**	**282,163**	**3,121**	**281,982**	**2,360**	**213,226**
Provision for taxation	(529)	(47,795)	(1,038)	(93,783)	(343)	(30,990)
Discontinued operations	Nil	Nil	(11)	(994)	Nil	Nil
Profit after taxation	**2,594**	**234,368**	**2,072**	**187,205**	**2,017**	**182,236**

** 1 £ = ₹ 90.35 Source: Bloomberg closing rate June 30, 2013*

Notes

1) Net sales
2) Share of associates' profits after taxation
3) Excludes sale of businesses, other income and net interest income
4) Excludes depreciation, amortization, impairment and other finance income and charges
5) Profit before net finance charges, depreciation, amortization, impairment and taxation
6) Interest receivable and other finance income less interest payable and other finance charges

(In million)

Balance Sheet	As at June 30, 2013		As at June 30, 2012		As at June 30, 2011	
	£	*₹	£	*₹	£	*₹
Called up share capital	797	72,009	797	72,009	797	72,009
Reserves & share premium[1]	6,239	563,694	4,791	432,867	4,448	401,877
Net worth[2]	**7,036**	**635,703**	**5,588**	**504,876**	**5,245**	**473,886**
Non-current liabilities	11,426	1,032,339	10,755	971,714	8,877	802,037
Current liabilities	5,544	500,900	4,784	432,235	4,915	444,070
Non-controlling interests	1,071	96,765	1,223	110,498	740	66,859
Total equity and liabilities	**25,077**	**2,265,707**	**22,350**	**2,019,323**	**19,777**	**1,786,852**
Intangible assets	9,048	817,487	8,821	796,978	6,545	591,341
Property, plant & equipment	3,468	313,334	2,972	268,520	2,552	230,573
Biological assets	36	3,252	34	3,072	33	2,982
Investments[3]	2,855	257,949	2,295	207,353	2,487	224,700
Other non-current assets[4]	1,076	97,217	975	88,091	999	90,260
Current assets	8,594	776,468	7,253	655,309	7,161	646,996
Total assets	**25,077**	**2,265,707**	**22,350**	**2,019,323**	**19,777**	**1,786,852**

** 1 £ = ₹ 90.35 Source: Bloomberg closing rate June 30, 2013*

Notes

1) Share premium, other reserves, and retained earnings (there is no revaluation reserve)
2) Net assets less non-controlling interests
3) Investments in associates and other investments
4) Other receivables, other financial assets, deferred tax assets and post employment benefit assets

Other financial data	For the year ended June 30, 2013		For the year ended June 30, 2012		For the year ended June 30, 2011	
	pence	*₹	Pence	*₹	pence	*₹
Dividend (%)[1]	148.7%	148.7%	136.3%	136.3%	126.5%	126.5%
Basic earnings per share[2]	99.3	89.7	77.8	70.3	76.2	68.8
Diluted earnings per share[2]	98.7	89.2	77.4	69.9	76.0	68.7

** 1 £ = ₹ 90.35 Source: Bloomberg closing rate June 30, 2013*

Notes

1) Recommended full year dividend / called up share capital
2) Earnings per share after discontinued operations

Details of the contingent liabilities and material legal proceedings of Diageo as of June 30, 2013, as disclosed in its annual report, are provided below:

a. Guarantees - As of 30 June 2013 the Diageo Group has no material performance guarantees or indemnities to third parties;

b. Colombian litigation - An action was filed on 8 October 2004 in the United States District Court for the Eastern District of New York by the Republic of Colombia and a number of its local government entities against Diageo and other spirits companies, alleging several causes of action, including violations of the Federal RICO Act. This claim was dismissed in November 2012. The dismissal was without prejudice and as such, plaintiffs are not barred from bringing a similar action in future. Diageo cannot meaningfully quantify the possible loss or range of loss in the event of any future litigation. Diageo remains committed to continued dialogue with the Colombian governmental entities to address the underlying issues;

c. Korean customs dispute - Litigation is ongoing in Korea in connection with the application of the methodology used in transfer pricing on spirits imports since 2004. In December 2009, Diageo Korea received a final customs audit assessment notice from the Korean customs authorities, covering the period from 1 February 2004 to 30 June 2007, for Korean won 194 billion or £112 million (including £14 million of value added tax), which was paid in full and appealed to the Korean Tax Tribunal.

   On 18 May 2011, the Tax Tribunal made a determination that the statute of limitations had run for part of the assessment period, ordered a partial penalty refund and instructed the Korean customs authorities to reinvestigate the remaining assessments. Accordingly, a refund of Korean won 43 billion or £25 million (including £2 million of value added tax) was made to Diageo Korea in the year ended 30 June 2012.

   However, post the completion of the reinvestigation, the Korean customs authorities have concluded that they will continue to pursue the application of the same methodology and on 18 October 2011 a further final imposition notice was issued for Korean won 217 billion or £125 million (including £14 million of value added tax) in respect of the period from 29 February 2008 to 31 October 2010.

   In response Diageo Korea filed a claim with the Seoul Administrative Court (Court) along with a petition for preliminary injunction to stay the final imposition notice. The Court granted Diageo Korea's request for preliminary injunction and has stayed the final imposition until the decision of the Court on the underlying matter. On 31 October 2012, the Seoul Administrative Court instructed the Korean customs authorities to reinvestigate the second imposition notice per the instructions of the Tax Tribunal and stayed the Court hearings until the completion of the re-audit. The re-audit was completed in February 2013 and the Court hearings resumed in June 2013.

   The underlying matter remains in progress with the Court and Diageo Korea is unable to quantify meaningfully the possible loss or range of loss to which these claims may give rise. Diageo Korea continues to defend its position vigorously;

d. Thalidomide litigation - In Australia, a class action claim alleging product liability and negligence for injuries arising from the consumption of the drug thalidomide has been filed in the Supreme Court of Victoria against Distillers Company (Biochemicals) Limited, its parent Diageo Scotland Limited (formerly Distillers Company Limited), as well as against Grünenthal GmbH, the developer of the drug (not a member of the group). On 18 July 2012 Diageo settled the claim of the lead claimant Lynette Rowe and agreed a process to consider the remaining claimants in the class. To enable this process to occur, Ms. Rowe and her legal representatives have agreed not to take any step towards a trial of any issue in the litigation before 31 August 2013. Pursuant to orders made by the Supreme Court of Victoria the class has now been closed. 124 claimants have filed registration forms in the Rowe class action. In the United Kingdom, proceedings have twice been commenced but lapsed for lack of service. Distillers Company (Biochemicals) Limited distributed the drug in Australia and the United Kingdom for a period in the late 1950s and early 1960s. Diageo is unable to quantify meaningfully the possible loss or range of loss to which these lawsuits may give rise. The group has worked voluntarily for many years with various thalidomide organisations and has provided significant financial support;

e. Others - The Diageo Group has extensive international operations and is defendant in a number of legal, customs and tax proceedings incidental to these operations, the outcome of which cannot at present be foreseen. In particular, the Diageo Group is currently the defendant in customs proceedings in India and in Brazil that challenge the declared customs value of products imported by Diageo India and Diageo Brazil. Diageo continues to defend its position vigorously in these proceedings.

   Save as disclosed above, neither Diageo, nor any member of the Diageo Group, is or has been engaged in, nor (so far as Diageo is aware) is there pending or threatened by or against it, any legal or arbitration proceedings which may have a significant effect on the financial position of the Diageo Group.

2. Corporate Governance Report

As disclosed in the PLoF, Diageo is required to comply with (among other rules and legislation) the UK Corporate Governance Code ("**Code**") issued and published by the Financial Reporting Council, the Listing Rules, Prospectus Rules and Disclosure and Transparency Rules issued by the UK Financial Services Authority and the Companies Act 2006. Diageo is additionally subject to the listing requirements of the New York Stock Exchange and the rules of the Securities and Exchange Commission. Diageo also continually monitors compliance with the provisions of the US Sarbanes–Oxley Act of 2002. The board of directors of Diageo is required to describe in their annual report the application of the principles set out in the Code, together with specific disclosures regarding any non-compliance. The annual report for the year ended June 30, 2013 carried the corporate governance report issued by the board of directors of Diageo. The report lays out details of compliance with the Code and no specific areas of non-compliance were noted.

3. Appointment of directors

On August 19, 2013, Mr. Paul Steven Walsh and Mr. Vikram Singh Mehta were appointed as Non-Executive Director and Independent Director respectively on the board of directors of USL. For further details refer the Pioneer Letter of Offer.

4. Status of proceedings at the BIFR

As stated in the Pioneer Detailed Public Statement the BIFR hearing was scheduled for July 31, 2013. At this hearing, the BIFR directed the Target Company to furnish certain additional information, which shall be submitted in due course and fixed the next date of hearing for October 15, 2013.

Status of the Statutory and other approvals

1. To the best of the knowledge of the Acquirer and the PACs, other than as set out below there are no statutory approvals required to complete the acquisition of the Offer Shares. If any other statutory approval becomes applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approval.
2. The acquisition of Offer Shares tendered by NRIs and OCBs is subject to and if applicable, such OCBs and NRIs submitting the approval / exemption from the Reserve Bank of India for tendering their Equity Shares in the Open Offer.

Revised Schedule of Activities

Activity	Original Date & Day	Revised Date & Day
Date of Pioneer Public Announcement	November 9, 2012 - Friday	November 9, 2012 - Friday
Date of publication of the Pioneer Detailed Public Statement	July 11, 2013 - Thursday	July 11, 2013 - Thursday
Last date for a competing offer(s)	August 1, 2013 - Thursday	August 1, 2013 - Thursday
Identified Date*	August 13, 2013 - Tuesday	August 16, 2013 - Friday
Dispatch completion date of the Pioneer Letter of Offer	August 21, 2013 - Wednesday	August 23, 2013 - Friday
Date of commencement of Tendering Period (Offer opening date)	August 28, 2013 - Wednesday	August 30, 2013 - Friday
Date of expiry of Tendering Period (Offer closing date)	September 11, 2013 - Wednesday	September 13, 2013 - Friday
Last date of communicating the rejection/ acceptance and completion of payment of consideration or refund of Equity Shares to the shareholders of the Target Company	September 25, 2013 - Wednesday	September 27, 2013 - Friday

** The Identified Date is only for the purpose of determining the Public Shareholders as on such date to whom the Letter of Offer would be mailed. It is clarified that all the Public Shareholders (registered or unregistered) of the Target shall be eligible to participate in the Offer at any time prior to the closure of the Offer.*

A copy of this Pioneer Offer Opening Public Announcement shall also be available on the website of SEBI (www.sebi.gov.in).

Issued on behalf of the Acquirer and the PACs by the Manager

JM FINANCIAL

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