

DRAFT LETTER OF OFFER

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE
ATTENTION**

This letter of offer (“**Letter of Offer**” / “**LoF**”) is sent to you as a Public Shareholder (as defined below) of United Spirits Limited (“**USL**” / “**Target Company**” / “**Target**”). If you require any clarification about the action to be taken, you may consult your stock broker or investment consultant or the Manager / the Registrar to the Offer. In case you have recently sold your equity shares (“**Equity Shares**”) in USL, please hand over the LoF and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the member of stock exchange through whom the said sale was effected.

RELAY B.V.

A private limited company incorporated under the laws of the Netherlands

Registered office: Molenwerf 10-12, 1014 BG, Amsterdam, the Netherlands

(Tel: +31 20 7745000, Fax: +31 20 7745091)

(hereinafter referred to as the “**Acquirer**”)

ALONG WITH

DIAGEO plc

A public limited company incorporated under the laws of England & Wales

Registered office: Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom

(Tel: +44 20 89786000, Fax: +44 20 89781577)

(hereinafter referred to as “**PAC 1**” / “**Diageo**”)

DIAGEO FINANCE plc

A public limited company incorporated under the laws of England & Wales

Registered office: Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom

(Tel: +44 20 89786000 Fax: +44 20 89781577)

(hereinafter referred to as “**PAC 2**” / “**DFIN**”)

DIAGEO CAPITAL plc

A public limited company incorporated under the laws of Scotland

Registered office: Edinburgh Park, 5 Lochside Way, Edinburgh, EH12 9DT, United Kingdom

(Tel: +44 20 89786000 Fax: +44 20 89781577)

(hereinafter referred to as “**PAC 3**” / “**DCAP**”)

AND

TANQUERAY GORDON AND COMPANY LIMITED

A private limited company incorporated under the laws of England & Wales

Registered office: Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom

(Tel: +44 20 89786000 Fax: +44 20 89781577)

(hereinafter referred to as “**PAC 4**” / “**TGCL**” and collectively with PAC 1, PAC 2 and PAC 3 referred to as “**Persons Acting in Concert**” / “**PACs**”)

MAKE A CASH OFFER OF ₹ 1,440.00 (Rupees One thousand four hundred and forty only) ("OFFER PRICE") PER FULLY PAID UP EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH, TO ACQUIRE UP TO 37,785,214 EQUITY SHARES REPRESENTING 26.0% OF THE EMERGING VOTING CAPITAL (AS DEFINED BELOW), UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, AS AMENDED ("SEBI (SAST) REGULATIONS") FROM THE PUBLIC SHAREHOLDERS OF

UNITED SPIRITS LIMITED

A public limited company incorporated under the Companies Act, 1956

Registered office: UB Tower, 24 Vittal Mallya Road, Bangalore – 560 001

Tel: +91 80 39856500 Fax: +91 80 39856862

1. This Offer is made pursuant to and in compliance with the provisions of Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations.
2. This Offer is not a conditional offer and is not subject to any minimum level of acceptance.
3. This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
4. The Offer is subject to the receipt of the following statutory approvals namely (i) the receipt of approval from the CCI under the Competition Act and the rules and regulations thereunder (including the Combination Regulations) (each of CCI, Competition Act and Combination Regulations as defined below), in a form and substance satisfactory to the Acquirer, for the subscription to the Preferential Shares (as defined below), acquisition of the Sale Shares (as defined below), and if applicable, the Additional Shares (as defined below) and the acquisition of the Offer Shares (as defined below); and (ii) the receipt of approval from the German Anti-Trust Authority (as defined below) for the subscription to the Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares.
5. The Offer is further subject to the receipt of the statutory approvals, as specified in Part II - Background to the Offer - paragraph 11, for the purpose of the acquisition of the Sale Shares and if applicable, the Additional Shares under the SPA (as defined below).
6. The Offer is also subject to the satisfaction of the conditions stipulated under the SPA and disclosed herein below in Part II - Background to the Offer - paragraph 13 (all of which are considered to be outside the reasonable control of the Acquirer and PACs).
7. The acquisition of the Offer Shares from NRIs (as defined below) and erstwhile OCBs (as defined below) is subject to the approval / exemption from the RBI (as defined below). Where statutory approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.
8. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the Offer Size, the Acquirer and the PACs shall accept the Equity Shares received from the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer.

9. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event that the approvals specified in Part II - Details of the Proposed Offer - paragraph 3 and in Part II - Background to the Offer - paragraph 11 and / or the specific conditions outlined in Part II - Background to the Offer - paragraph 13 (all of which are considered to be outside the reasonable control of the Acquirer and PACs) are not received or satisfied, or unless any relevant approval or condition is otherwise waived by the Acquirer, the Acquirer shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer and the PACs (through the Manager) shall, within two Working Days (as defined below) of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2). In such an event, the Acquirer shall not acquire the Sale Shares or, if applicable, the Additional Shares or, where the Preferential Shares have not been already allotted, subscribe to the Preferential Shares.
10. The Offer Price is subject to revision, if any, pursuant to the SEBI (SAST) Regulations or at the discretion of the Acquirer and PACs at any time prior to three Working Days before the commencement of the Tendering Period (as defined below) in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and the PACs shall (i) make corresponding increases to the escrow amounts, as more particularly set out in Part V - Justification of Offer Price - paragraph 6 of this DLoF; (ii) make a public announcement in the same newspapers in which the DPS was published; and (iii) simultaneously with the issue of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision.
11. **There has been no competing offer as of the date of this Letter of Offer.**
12. **If there is a competing offer, the open offers under all subsisting bids will open and close on the same date.**

A copy of the Public Announcement (as defined below), the Detailed Public Statement and the Letter of Offer (including the Form of Acceptance cum Acknowledgement) is also available on the website of SEBI (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 JM Financial Institutional Securities Private Limited 141, Maker Chamber III, Nariman Point, Mumbai – 400 021 Tel: +91 22 66303030, Fax: +91 22 2204 7185 Contract Person: Ms.Lakshmi Lakshmanan Email: lakshmi.lakshmanan@jmfl.com	 Link Intime India Private Limited C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West), Mumbai - 400 078 Tel: +91 22 25967878, Fax: +91 22 25960329 Contact Person: Mr.Pravin Kasare Email: usl.offer@linkintime.co.in

The schedule of activities under the Offer is as follows:

Activity	Date & Day
Date of Public Announcement	November 9, 2012 - Friday
Date of publication of the Detailed Public Statement	November 20, 2012 - Tuesday
Filing of the Draft Letter of Offer with SEBI	November 27, 2012 – Tuesday
Last date for a competing offer(s)	December 12, 2012 - Wednesday
Last date for SEBI observations on the draft Letter of Offer (in the event SEBI has not sought clarifications or additional information from the Manager to the Offer)	December 19, 2012 – Wednesday
Identified Date*	December 21, 2012 – Friday
Date by which the Letter of Offer is to be dispatched to the Public Shareholders whose name appears on the register of members on the Identified Date	December 31, 2012 – Monday
Latest date for revision of the Offer Price / Offer Size	January 1, 2013 – Tuesday
Last Date by which the committee of the independent directors of the Target Company shall give its recommendation to the shareholders of the Target Company for this Offer	January 3, 2013 – Thursday
Date of publication of Offer Opening Public Announcement in the newspapers in which the DPS has been published	January 4, 2013 – Friday
Date of commencement of Tendering Period (Offer Opening Date)	January 7, 2013 – Monday
Date of expiry of Tendering Period (Offer Closing Date)	January 18, 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	February 1, 2013 – Friday
Last date for publication of post-Offer public announcement in the newspapers in which this DPS has been published	February 8, 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.*

RISK FACTORS

Risk factors relating to the Transaction

- The acquisition of the Sale Shares and, if applicable, the Additional Shares by the Acquirer is subject to receipt of the following statutory approvals, namely (i) receipt of the approval of the CCI under the Competition Act and the rules and regulations thereunder (including the Combination Regulations), in a form and substance satisfactory to the Acquirer, for the subscription to the Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares; (ii) receipt of approval from the German Anti-Trust Authority for the subscription to Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares; and (iii) receipt of approval, as applicable, from the RBI for the acquisition of the Sale Shares and, if applicable, the Additional Shares at the Sale Price.
- The acquisition of the Sale Shares from Palmer Investment Group Limited and UB Sports Management Overseas Limited, being erstwhile OCBs, is subject to the receipt of approval or exemption from the RBI. Further, the acquisition of the relevant Sale Shares from USL Benefit Trust (of which Dr. Vijay Mallya, being an NRI, is one of the trustees) is subject to the approval of the RBI if such approval is required for the purpose of such acquisition.
- The acquisition of the Sale Shares and, if applicable, the Additional Shares is also subject to the satisfaction or waiver of various conditions under the SPA. Some of these conditions are outlined in Part II - Background to the Offer - paragraphs 13 and 14 herein below.
- The subscription to the Preferential Shares by the Acquirer is subject to the receipt of the following statutory approvals, namely (i) receipt of approval from the shareholders of USL in accordance with section 81 (1A) of the Companies Act, 1956, Chapter VII of the SEBI (ICDR) Regulations and other applicable laws and rules for the issue of the Preferential Shares to the Acquirer; (ii) receipt of the approval from the CCI under the Competition Act and rules and regulations thereunder (including the Combination Regulations), in a form and substance satisfactory to the Acquirer, for the subscription to the Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares; (iii) receipt of approval from the German Anti-Trust Authority for the subscription to the Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares; and (iv) receipt of 'in-principle' approval from BSE and NSE under clause 24(a) of the Listing Agreement for listing of the Preferential Shares.
- The acquisition of the Preferential Shares is also subject to the satisfaction or waiver of various conditions under the PAA. Some of these conditions are outlined in Part II - Background to the offer - paragraph 4 herein below.
- In addition to those described above, the SPA and PAA are each subject to a number of other conditions. These include, among others, conditions relating to the receipt of various lender and other third party consents and registrations, compliance with provisions related to conduct of business up to completion by the USL Group and the absence of other material breaches of the SPA and the PAA. If each of these conditions is not satisfied or, in certain cases, waived in accordance with the terms of those agreements, the Acquirer shall be entitled to terminate the SPA and/or the PAA.

Risk factors relating to the Offer

- The Offer is subject to the receipt of the following statutory approvals, namely (i) the receipt of approval from the CCI, in a form and substance satisfactory to the Acquirer, for the subscription to the Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares; and (ii) the receipt of approval from the German Anti-Trust Authority for the subscription to the Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares.
- The Offer is further subject to the receipt of the statutory approvals, as specified in Part II - Background to the Offer - paragraph 11, for the purpose of the acquisition of the Sale Shares and if applicable, the Additional Shares under the SPA.
- The Offer is also subject to the satisfaction of the conditions stipulated under the SPA and disclosed herein below in Part II - Background to the Offer - paragraph 13 (all of which are considered to be outside the reasonable control of the Acquirer and PACs).
- In terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event that the approvals specified in Part II – Details of the Proposed Offer - paragraph 3 and in Part II - Background to the Offer - paragraph 11 and / or the specific conditions outlined in Part II - Background to the Offer - paragraph 13 (all of which are considered to be outside the reasonable control of the Acquirer and the PACs) are not received or satisfied, or unless any relevant approval or condition is otherwise waived by the Acquirer, the Acquirer shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer and the PACs (through the Manager) shall, within two Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2). In such an event, the Acquirer shall not acquire the Sale Shares or, if applicable, the Additional Shares or, where the Preferential Shares have not been already allotted, subscribe to the Preferential Shares.
- The acquisition of the Offer Shares from NRIs and erstwhile OCBs is subject to the approval or exemption of the RBI. Where any such statutory approval or exemption extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals or exemptions are required in order to complete this Offer.
- In the event of any litigation leading to a stay on the Offer by a court of competent jurisdiction, or SEBI instructing that the Offer should not proceed, the Offer may be withdrawn or the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer.
- The Equity Shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities, and the Public Shareholders who have tendered their Equity Shares will not be able to trade such Equity Shares during such period. During such period, there may be fluctuations in the market price of the Equity Shares that may adversely impact the Public Shareholders who have tendered their Equity Shares in this Offer. It is understood that the Public Shareholders will be solely responsible for their decisions regarding their participation in this Offer.

- In the event of oversubscription to the Offer, the acceptance of the Equity Shares tendered will be on a proportionate basis and will be contingent upon the level of subscription. The unaccepted Equity Shares will be returned to the respective Public Shareholders in accordance with the schedule of activities for the Offer.
- Further, Public Shareholders should note that, under the SEBI (SAST) Regulations, once Public Shareholders have tendered their Equity Shares, they will not be able to withdraw their Equity Shares from the Offer even in the event of a delay in the acceptance of Equity Shares under the Offer and/or the dispatch of consideration.
- In case of delay in receipt of any statutory approval, SEBI may, if satisfied that such delay in receipt of the requisite statutory approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer or PACs to diligently pursue such approval, and subject to such terms and conditions as specified by SEBI, including payment of interest in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, permit the Acquirer and the PACs to delay the commencement of the tendering period for the Offer pending receipt of such statutory approvals or grant an extension of time to the Acquirer and the PACs to make the payment of the consideration to the Public Shareholders whose Equity Shares have been accepted in the Offer.
- The Acquirer, the PACs and the Manager to the Offer accept no responsibility for the statements made otherwise than in the LoF, the DPS and/or the PA and anyone placing reliance on any other source of information (not released by the Acquirer, the PACs or the Manager to the Offer) would be doing so at his, her or their own risk.

Probable risks involved in associating with the Acquirer and the PACs

- None of the Acquirer, the PACs or the Manager makes any assurance with respect to the continuation of past trends in the financial performance of the Target Company.
- None of the Acquirer, the PACs or the Manager can provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and each of them expressly disclaim any responsibility or obligation of any kind with respect to any decision by any Public Shareholder regarding whether or not to participate in the Offer.
- None of the Acquirer, the PACs or the Manager makes any assurance with respect to their investment or disinvestment relating to their proposed shareholding in the Target Company.

The risk factors set forth above are indicative only and are not intended to provide a complete analysis of all risks as perceived in relation to the Offer or associating with the Acquirer and the PACs. They are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by any Public Shareholder in the Offer. Public Shareholders are advised to consult their stockbroker, investment consultant or tax advisor for an understanding of the further risks associated with their participation in the Offer.

NO OFFER / SOLICITATION / REGISTRATION IN THE UNITED STATES OF AMERICA AND CERTAIN OTHER JURISDICTIONS

United States of America

This Draft Letter of Offer together with the Detailed Public Statement that was published on November 20, 2012 and the Public Announcement dated November 9, 2012 in regards to this Offer, has not been and shall not be registered under the United States Securities Act of 1933, as amended under the exemptions available thereunder (the “**Securities Act**”) or any US state securities laws. The Offer is not, and under no circumstances is to be construed as, an offering of any securities in the United States or as a solicitation therein or an invitation to subscribe to any securities including the Equity Shares.

The disclosures in this Draft Letter of Offer and the Offer particulars including but not limited to the Offer Price, Offer Size and procedure for acceptance and settlement of the Offer is governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended and other applicable laws, rules and regulations of India that are different from those of any domestic tender offer under the US laws.

United Kingdom

This Draft Letter of Offer together with the Detailed Public Statement that was published on November 20, 2012 and the Public Announcement dated November 9, 2012 in regards to this Offer, has not been registered or approved under the UK Financial Services and Markets Act. The disclosures in this Draft Letter of Offer and the Offer particulars including but not limited to the Offer Price, Offer Size and procedures for acceptance and settlement of the Offer is governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended and other applicable laws, rules and regulations of India that are different from those of any domestic tender offer under the UK laws.

General

This Draft Letter of Offer together with the Detailed Public Statement that was published on November 20, 2012 and the Public Announcement dated November 9, 2012 in connection with the Offer, has been prepared for the purposes of compliance with the applicable laws and regulations of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended. Accordingly the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of India. Neither the delivery of this Draft Letter of Offer or the Letter of Offer, under any circumstances, create any implication that there has been no change in the affairs of the Target, the Acquirer and the PACs and persons acting in concert or deemed to act in concert with such persons, since the date hereof or that the information contained herein is correct as at any time subsequent to this date. Nor is it to be implied the Acquirer and the PACs or any persons acting in concert or deemed to act in concert with them are under any obligations to update the information contained herein at any time after this date.

No action has been or will be taken to permit this Offer in any jurisdiction where action would be required for that purpose. The Letter of Offer shall be dispatched to all Public Shareholders whose name appears on the register of members of USL, at their stated address, as of the Identified Date (as defined below). However, receipt of this Draft Letter of Offer and the Letter of

Offer by any Public Shareholder in a jurisdiction in which it would be illegal to make this Offer, or where making this Offer would require any action to be taken (including, but not restricted to, registration of this Draft Letter of Offer and/or the Letter of Offer under any local securities laws), shall not be treated by such Public Shareholder as an offer being made to them and shall be construed by them as being sent for information purposes only. Accordingly no such Public Shareholder may tender his, her or its Equity Shares in this Offer.

Persons in possession of this Draft Letter of Offer and/or the Letter of Offer are required to inform themselves of any relevant restrictions. Any Public Shareholder who tenders his, her or its Equity Shares in this Offer shall be deemed to have declared, represented, warranted and agreed that he, she or it is authorized under the provisions of any applicable local laws, rules, regulations and statutes to participate in this Offer.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to “**Rs.**”/“**INR**”/ “**₹**” are to Indian Rupee(s), the official currency of India, all references to “**USD**”/“**US\$**”/“**US Dollar**” are to United States Dollars, the official currency of the United States of America and all references to “**£**”/“**GBP**”/“**pence**” are to United Kingdom Pounds Sterling, the official currency of the United Kingdom.

In this Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and/or regrouping.

All data presented in US\$ and GBP in this Letter of Offer have been converted into INR for the purpose of convenience translation only. The conversions have been made at the following rates as on November 9, 2012, being the date of the PA (unless otherwise stated in this Letter of Offer):

1 USD = 54.3400 INR
1 GBP = 86.9685 INR

(Source: Reserve Bank of India – www.rbi.org.in)

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DEFINITIONS / ABBREVIATIONS

Particulars	Details / Definition
Acquirer	Relay B.V.
Additional Shares	Has the meaning given in Part II - Background to the Offer - paragraph 10 herein below
BgSE	Bangalore Stock Exchange Limited
BSE	BSE Limited
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
Combination Regulations	Competition Commission of India (Procedure for Transaction of Business relating to Combinations) Regulations, 2011, as amended
Competition Act	Competition Act, 2002, including any statutory modification or re-enactment thereof
Competitor	A competitor of Diageo, as specified in the SHA
Depositories	CDSL and NSDL
Depository Participant	DSP Merrill Lynch Limited, with which the Registrar to the Offer has opened the Open Offer Escrow Demat Account for receiving Equity Shares tendered during the Offer
Diageo Group	The companies operating under Diageo across all its markets
DP	Depository Participant
DPS / Detailed Public Statement	The detailed public statement in connection with the Offer, published on behalf of the Acquirer and the PACs on November 20, 2012
Draft Letter of Offer	The draft letter of offer filed with SEBI pursuant to Regulation 16(1) of the SEBI (SAST) Regulations
Emerging Voting Capital	145,327,743 Equity Shares, being the Equity Shares as of the 10 th Working Day following completion of the Offer and assuming the issue and allotment of the Preferential Shares. Also refer to the note given below the table appearing in Part II - Details of the Proposed Offer - paragraph 7 therein.
Equity Shares	Fully paid up equity shares of USL with face value of ₹ 10 each
FII	Foreign Institutional Investors
German Anti-Trust Authority	The German Federal Cartel Office
Identified Date	The date falling on the 10 th Working Day prior to the commencement of the Tendering Period for the purposes of determining the Public Shareholders to whom the LoF shall be sent
Income Tax Act	The Income Tax Act, 1961, as amended
Individual Agreement	The agreement dated November 9, 2012 between Diageo, the Acquirer and Dr. Vijay Mallya
Letter of Offer	This Letter of Offer dated [●], 2012
Listing Agreement	The listing agreement entered into by USL with BSE and with NSE
Manager	JM Financial Institutional Securities Private Limited

Particulars	Details / Definition
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NRIs	Non-resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs	Overseas Corporate Bodies
Offer / Open Offer	Open offer being made by the Acquirer and the PACs to the Public Shareholders of the Target to acquire up to 37,785,214 Equity Shares, representing 26.0% of the Emerging Voting Capital, at a price of ₹ 1,440.00 (Rupees One thousand four hundred and forty only) per Equity Share
Offer Opening Public Announcement	The announcement of the commencement of the Tendering Period made on behalf of the Acquirer and the PACs
Offer Price	₹ 1,440.00 (Rupees One thousand four hundred and forty only) per Offer Share
Offer Shares	37,785,214 Equity Shares, representing 26.0% of the Emerging Voting Capital
Offer Size	₹ 54,410,708,160 (Rupees Fifty four billion four hundred and ten million seven hundred and eight thousand one hundred and sixty only), being the maximum consideration payable under this Offer assuming full acceptance
Open Offer Escrow Account	The account opened with Bank of America N.A., Mumbai Branch in accordance with Regulation 17(4) of the SEBI (SAST) Regulations
Open Offer Escrow Demat Account	The special depository account opened by the Registrar to the Offer with the Depository Participant for receiving Equity Shares tendered during the Offer
PAA	The preferential allotment agreement dated November 9, 2012 between the Acquirer, Diageo and the Target
PAC 1	Diageo plc / Diageo
PAC 2	Diageo Finance plc / DFIN
PAC 3	Diageo Capital plc / DCAP
PAC 4	Tanqueray Gordon and Company Limited / TGCL
PAN	Permanent Account Number
Preferential Shares	14,532,775 Equity Shares, representing 10.0% of the Emerging Voting Capital, proposed to be issued by USL to the Acquirer under the PAA
Public Announcement / PA	The public announcement in connection with the Offer dated November 9, 2012 issued by the Manager on behalf of the Acquirer and the PACs
Public Shareholders	The shareholders and beneficial owners (registered or otherwise) of Equity Shares, other than the parties to the Transaction Documents and persons acting, or deemed to be acting, in concert with such parties
RBI	Reserve Bank of India

Particulars	Details / Definition
Registrar to the Offer	Link Intime India Private Limited
RTGS	Real Time Gross Settlement
Sale Price	₹ 1,440.00 (Rupees One thousand four hundred and forty only) per Sale Share
Sale Shares	25,226,839 Equity Shares of USL, representing 17.4% of the Emerging Voting Capital, to be acquired by the Acquirer from the Sellers under the SPA
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	SEBI Act, 1992, as amended
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Seller 1	United Breweries (Holdings) Limited / UBHL
Seller 2	Kingfisher Finvest India Limited / KFIL
Seller 3	SWEW Benefit Company
Seller 4	Dr. Vijay Mallya and A.K.Ravindranath Nedungadi, in their capacities as trustees to the USL Benefit Trust
Seller 5	Palmer Investment Group Limited
Seller 6	UB Sports Management Overseas Limited
Seller Group	Together Seller 1 and each of its subsidiaries and any entity that directly or indirectly is controlled by Seller 1 (but excluding any member of the USL Group)
Sellers	Seller 1, Seller 2, Seller 3, Seller 4, Seller 5 and Seller 6 together
SHA	The shareholders' agreement dated November 9, 2012 between the Acquirer, Diageo, UBHL and KFIL
SHA Permitted Transferee	Means, subject to certain additional requirements under the SHA, (i) any body corporate in which UBHL holds not less than 51 per cent. of the voting rights and economic interest and is entitled to appoint a majority of the board and in which no Competitor or affiliate of a Competitor has any economic, voting or management rights and (ii) such other persons that the Acquirer may approve in writing, acting reasonably
SHA Qualifying Holder	UBHL, KFIL and any SHA Permitted Transferee, subject to the conditions under the SHA
SHA UB Party(ies)	UBHL, KFIL and any SHA Permitted Transferee signing the deed of adherence under the SHA
SPA	The share purchase agreement dated November 9, 2012 between the Acquirer, Diageo and the Sellers
Stock Exchanges	Together BSE, NSE and BgSE
Target / Target Company	United Spirits Limited / USL

Particulars	Details / Definition
Tendering Period	[•] to [•], both days inclusive
Transaction	Together the acquisition of the Sale Shares and, if applicable, the Additional Shares pursuant to the SPA, the subscription to the Preferential Shares by the Acquirer pursuant to the PAA and the arrangements contemplated by the SHA
Transaction Documents	Together the SPA, the PAA and the SHA
UB Group Sellers	Together UBHL and KFIL
USL	United Spirits Limited / Target / Target Company
USL Group	USL together with its subsidiaries and entities controlled by USL
Wider UBHL Group	Together the Seller Group, Dr. Vijay Mallya and members of his close family and entities that are directly or indirectly controlled by Dr. Vijay Mallya or members of his close family
Working Day(s)	Has the meaning given in the SEBI (SAST) Regulations

I. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF UNITED SPIRITS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PACS OR THE TARGET COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER (MANAGER) TO THE OFFER, JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 27, 2012 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”

II. DETAILS OF THE OFFER

Background to the Offer

1. This Offer is made in accordance with Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations pursuant to the PAA, the SPA and the SHA.

Preferential Allotment Agreement (“PAA”)

2. The Acquirer and Diageo have entered into the PAA with the Target, pursuant to which and subject to the satisfaction or waiver of the conditions contained in the PAA, the Acquirer has agreed to subscribe to, within the time period prescribed by applicable laws, the Preferential Shares at a price of ₹1,440.00 per Preferential Share.
3. The subscription to the Preferential Shares by the Acquirer is subject to the receipt of the following statutory approvals:
 - (i) Receipt of the approval from the shareholders of USL under the provisions of section 81(1A) of the Companies Act, 1956 and in accordance with the provisions of Chapter VII of SEBI (ICDR) Regulations and other applicable laws and rules, for the issue of the Preferential Shares to the Acquirer;
 - (ii) Receipt of the approval from the CCI under the Competition Act and the rules and regulations thereunder (including the Combination Regulations), in a form and substance satisfactory to the Acquirer, for the subscription to the Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares;
 - (iii) Receipt of the approval from the German Anti-Trust Authority for the subscription to the Preferential Shares, the acquisition of the Sale Shares, and, if applicable, the Additional Shares and the acquisition of the Offer Shares; and
 - (iv) Receipt of ‘in-principle’ approval from the BSE and the NSE under clause 24(a) of the Listing Agreement for the listing of the Preferential Shares.
4. Under the PAA, the subscription to the Preferential Shares by the Acquirer is subject to the satisfaction or waiver (to the extent permissible under the PAA and any applicable law) of certain other conditions, including but not limited to:
 - (i) USL Group having obtained consents and/or waivers from certain of its lenders in connection with proposed issuance of the Preferential Shares to the Acquirer, in a form agreed by the Acquirer;
 - (ii) The issuance and allotment of the Preferential Shares not being invalid under, or a breach of, the SEBI (ICDR) Regulations or any other applicable law;
 - (iii) No order having been made, no petition having been filed or presented and remaining outstanding and no meeting having been convened to consider a resolution and no resolution having been passed for the re-organization or winding-up of USL or any other member of the USL Group;

- (iv) SEBI not having issued, and no circumstances existing by reason of which the Acquirer reasonably concludes that SEBI is minded to issue, an order requiring the Offer Price to be increased pursuant to the SEBI (SAST) Regulations as a result of the proposed issue and allotment of the Preferential Shares in accordance with the PAA;
 - (v) Compliance, in all material respects, by USL with its undertakings related to the conduct of the USL Group's business between the date of the PAA and the later of (a) the date of the subscription to the Preferential Shares and (b) the completion of the acquisition of the Sale Shares under the SPA, as described further in Part II - Background to the Offer - paragraph 6 herein below;
 - (vi) There having been no breach of any "Essential Warranties" given under the PAA by USL as if repeated immediately prior to completion by reference to the facts and circumstances subsisting at that time and subject, in certain cases, to a materiality threshold. The "Essential Warranties" relate to, among other things, USL's due incorporation, share capital and shareholding pattern, the USL Group's borrowing and security arrangements and solvency, compliance with anti-bribery and anti-corruption laws, the validity of material intellectual property and related party transactions;
 - (vii) There having been no breach of any "Key Warranties" given under the PAA by USL as if repeated immediately prior to completion by reference to the facts and circumstances subsisting at that time, where such breach results, or is reasonably likely to result, in a material adverse effect on the USL Group (taken as a whole) or on a particular division of the USL Group identified in the PAA (taken as a whole). The "Key Warranties" relate to, among other things, the USL Group's rights to use intellectual property, involvement in litigation and use of assets and services owned or provided by third parties;
 - (viii) There having been no breach of any of the warranties (including but not limited to, the "Essential Warranties" and the "Key Warranties") given under the PAA by USL by reference to the facts and circumstances subsisting on the date of the PAA and in respect of which the underlying matters giving rise to such breach result, or are reasonably likely to result, in a material adverse effect on the USL Group (taken as a whole) or on a particular division of the USL Group identified in the PAA (taken as a whole). Besides the "Essential Warranties" and the "Key Warranties", USL has given warranties relating to, among other things, employment, pensions, real estate, environmental, intellectual property and tax matters affecting the USL Group, the USL Group's accounts and events since the last accounts date, contractual arrangements and product liability matters; and
 - (ix) Certain key conditions under the SPA, as described in greater detail in Part II - Background to the Offer - paragraphs 13 and 14 below, having been fulfilled (or remaining capable of fulfillment) or waived in accordance with the SPA.
5. In the event that the Acquirer elects not to subscribe to the Preferential Shares in the circumstances described in Part II - Background to the Offer - paragraph 4(iv) above, the Acquirer shall, save in certain circumstances, not be eligible to acquire the Additional Shares under the SPA.
 6. In terms of the PAA, the parties have agreed that, from the date of the PAA until the later of the date of the subscription to the Preferential Shares and the completion of the acquisition of

the Sale Shares under the SPA, USL shall, and shall procure that every member of the USL Group shall, except where any action is necessary to implement the Transaction Documents, (i) carry on its business in the normal course; and (ii) not carry out certain acts or matters including, but not limited to (a) non-ordinary course and/or non-arm's length term acquisitions or disposals of any material interest in any part of the business and undertaking of any member of the USL Group; (b) alterations to its charter documents; (c) entering into any individual contract or commitment relating to a material part of the business of any member of the USL Group; (d) entering into certain related party transactions; (e) creating any right to subscribe to, purchase, redeem or buy-back any shares or securities of any member of the USL Group; (f) making of any loans otherwise than in the ordinary course of business to any person beyond certain limits; (g) making any substantial changes in the nature or organization of its business; (h) taking any action or entering into any agreement that requires the consent of SEBI under the SEBI (SAST) Regulations or the approval of the shareholders of USL under the Companies Act, 1956 or any other applicable laws; (i) taking any action that may materially affect any USL Group pension scheme identified under the PAA; (j) discontinuing or ceasing to operate all or any material part of its business; (k) borrowing in excess of certain limits; (l) making any capital commitments that exceed certain limits both at an individual and aggregate level; (m) declaring any dividends in a manner that is not consistent with past practice; (n) reducing its capital; (o) granting guarantees for any person other than a member of the USL Group outside the ordinary course of business and in excess of certain limits; (p) creating encumbrances over any part or the whole of any material undertaking or assets of any member of the USL Group (other than in consultation with the Acquirer); (q) assigning, licensing, charging, abandoning, ceasing to prosecute or otherwise disposing of, or failing to maintain, defend or pay any renewal, application or other official registry fees relating to, any of USL's priority brand intellectual property; and (r) entering into any agreement to do any of the acts or matters restricted under the terms of the PAA.

7. In terms of the PAA, the parties have agreed that the proceeds of the preferential allotment shall be used as follows:
 - (i) At least ₹ 16,000,000,000 (Rupees Sixteen billion only) shall be used solely for the purpose of repaying indebtedness of USL Group as at the PAA date; and
 - (ii) The remaining proceeds shall be used solely in the ordinary course of USL's business, including as working capital (including, for the avoidance of doubt, to pay its own costs and expenses in relation to the execution, delivery and performance of the PAA) and for the purpose of capital expenditure.

Share Purchase Agreement ("SPA")

8. The Acquirer and Diageo have entered into an agreement with the Sellers, pursuant to which the Acquirer has agreed to purchase the Sale Shares at the Sale Price as follows:
 - (i) 9,070,595 Equity Shares, representing 6.24% of the Emerging Voting Capital of USL, from Seller 1;
 - (ii) 7,646,392 Equity Shares, representing 5.26% of the Emerging Voting Capital of USL, from Seller 2;
 - (iii) 125,531 Equity Shares, representing 0.09% of the Emerging Voting Capital of USL, from Seller 3;

- (iv) 3,459,090 Equity Shares, representing 2.38% of the Emerging Voting Capital of USL, from Seller 4;
 - (v) 4,376,771 Equity Shares, representing 3.01% of the Emerging Voting Capital of USL, from Seller 5; and
 - (vi) 548,460 Equity Shares, representing 0.38% of the Emerging Voting Capital of USL, from Seller 6.
9. In terms of the SPA, UBHL and KFIL have agreed to sell an aggregate of 16,716,987 Equity Shares of USL to the Acquirer and the split between them shall be determined closer to the completion of the SPA. Currently, UBHL intends to sell 9,070,595 Equity Shares and KFIL intends to sell 7,646,392 Equity Shares under the SPA.
 10. In addition, UBHL and KFIL have agreed, conditionally, to sell such number of additional Equity Shares (“**Additional Shares**”) to the Acquirer at a price of ₹ 1,440.00 per Additional Share in certain circumstances where the allotment of the Preferential Shares does not complete and the Acquirer holds less than 25.1% in USL after taking into account the Equity Shares in USL acquired under the Offer, under the SPA or in any other manner, as is required to take the shareholding of the Acquirer in USL to 25.1%.
 11. The acquisition of the Sale Shares and, if applicable, the Additional Shares is subject to the receipt of the following statutory approvals:
 - (i) Receipt of the approval from the CCI under the Competition Act and the rules and regulations thereunder (including the Combination Regulations), in a form and substance satisfactory to the Acquirer, for the subscription to the Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares;
 - (ii) Receipt of approval from the German Anti-Trust Authority for the subscription to the Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares; and
 - (iii) Receipt of approval, as applicable, from the RBI for the acquisition of the Sale Shares and, if applicable, the Additional Shares at the Sale Price.
 12. The acquisition of the relevant Sale Shares from Palmer Investment Group Limited and UB Sports Management Overseas Limited, being erstwhile OCBs, is subject to the receipt of approval or exemption from the RBI. Further, the acquisition of the relevant Sale Shares from USL Benefit Trust (of which Dr. Vijay Mallya, being an NRI, is one of the trustees) is subject to the approval of the RBI if such approval is required for the purpose of such acquisition.
 13. The acquisition of the Sale Shares and, if applicable, the Additional Shares is also subject to the satisfaction or waiver of the following conditions under the SPA (each of which is considered to be outside the reasonable control of the Acquirer):
 - (i) The Sale Shares and, if applicable, the Additional Shares, together with the underlying assets and business of USL Group, being capable of delivery to the Acquirer free from encumbrances and other liabilities pursuant to the terms of certain “Security Release

Agreements” and “Security Release Confirmations” to be entered into with USL’s lenders, security trustees and other interested parties;

- (ii) Execution of escrow agreement(s) between the Acquirer, the Sellers, certain lenders, security trustees and other interested parties and an identified escrow agent and if applicable, the receipt of the approval from the RBI, that would enable the payment of the sale consideration by the Acquirer directly to such lenders, security trustees and other interested parties instead of the Sellers for the relevant Sale Shares and, if applicable, the Additional Shares;
- (iii) No order having been made, no petition having been filed or presented and remaining outstanding and no meeting having been convened to consider a resolution and no resolution having been passed for the re-organization or winding-up of (a) any of the Sellers or (b) any other company (including any member of the UB Group) that is known to hold or be interested in certain assets, rights, agreements, arrangements or entitlements which were material and used in, or which related exclusively or predominantly to, the business of any member of the USL Group in the twelve months prior to the date of the SPA;
- (iv) In respect of the winding up petitions against Seller 1, Seller 2 and Seller 3 filed with, or presented to, any relevant high court, including the Hon’ble High Court of Karnataka before completion, each such Seller having obtained an order from the relevant high court, including Hon’ble High Court of Karnataka, on terms satisfactory to the Acquirer (a) granting leave under the applicable provisions of the Companies Act, 1956 for the sale of the Sale Shares and, if applicable, the Additional Shares in accordance with the terms of the SPA; or (b) dismissing each such winding up petition and, in either case, the period of limitation for each such order having elapsed without any appeal being filed against the order or any such appeal having been absolutely and unconditionally dismissed;
- (v) The Sellers not having breached certain undertakings in relation to the conduct of the USL Group’s business before completion of the transaction under the SPA, namely (a) the non-ordinary course acquisition or disposal of any material interest in any part of the business and undertaking of the USL Group; (b) the creation, allotment or issue or grant of any option over or other right to subscribe to or purchase, or the redemption or buy-back of any shares or equity-linked securities or securities convertible into the foregoing of any member of the USL Group (other than the Preferential Shares to the Acquirer in accordance with the PAA); (c) the discontinuation or cessation of operation of all or a material part of the business of any member of the USL Group; and (d) the assigning, licensing, charging, abandoning, ceasing to prosecute or otherwise disposing of or failing to maintain, defend or pay any renewal, application or other official registry fees relating to any of USL’s priority brand intellectual property;
- (vi) No law, rule, regulation, order, judgment, decision, direction, clarification, guideline, guidance, announcement, interpretation or circular of any governmental authority having been issued or made prior to completion under the SPA, and no legal or regulatory requirement remaining to be satisfied, which has or may reasonably be expected to have the effect that the sale and purchase of the Sale Shares and, if applicable, the Additional Shares would be unlawful or prohibited under any applicable law (without the receipt of an approval or consent not specifically required under the SPA); and

- (vii) There having been no breach of any of the following “Essential Warranties” given under or by virtue of the SPA by the Sellers in respect of themselves and the USL Group:
 - a. Each of the Sellers remaining the sole legal and beneficial owner of the relevant Sale Shares and, if applicable, the Additional Shares free from any encumbrances and together with all rights attaching to such shares;
 - b. (1) No member of the USL Group having taken any steps, no notice of any proceeding having been filed or served and no other steps have been taken in relation to the reorganization, winding up, dissolution or liquidation of any member of the USL Group, (2) no appointment of a liquidator, provisional liquidator, administrator or receiver (including an administrative receiver) in respect of any member of the USL Group or all or any of its assets having occurred, (3) no composition or similar arrangement with creditors in respect of any member of the USL Group having been proposed and, (4) no suspension of payments or moratorium of any indebtedness of any member of the USL Group having occurred;
 - c. No member of the USL Group, nor any director, officer, manager, employee or agent of any such member in connection with the business of such member, having engaged in any activity, practice or conduct which constitutes an offence under any applicable law relating to bribery or corruption of any jurisdiction where the relevant member of the USL Group is incorporated that would result (or would be reasonably likely to result) in a material adverse effect on the USL Group or on the reputation of the USL Group or the Diageo Group; and
 - d. No assets of any member of the USL Group having been encumbered as security for any debt, liability or other obligations of member of the Wider UBHL Group or any third party nor any member of USL Group having agreed to encumber, guarantee or provide any securities or indemnities or otherwise having any liabilities or obligations of any nature whatsoever (whether current or future, actual or contingent) in relation to any debt, liability or other obligation of any member of the Wider UBHL Group or any third party.
- 14. In addition to the conditions specified above, the acquisition of the Sale Shares and, if applicable, the Additional Shares is subject to the satisfaction or waiver (to the extent permissible under the SPA or any applicable law) of certain other conditions under the SPA, including but not limited to:
 - (i) The Sellers procuring that USL and the relevant member of the USL Group obtain certain consents and/or waivers from key lenders and other third parties in connection with the proposed change in ownership and control of USL and/or to implement the terms of the SPA and the other documents entered into in connection therewith, each such consent and/or waiver to be in a form agreed to by the Acquirer, acting reasonably;
 - (ii) Completion of the Offer in accordance with its terms;

- (iii) Restrictions in dealing in the Equity Shares or any securities carrying a right to subscribe to or convert into Equity Shares by the Sellers and certain related parties within certain prescribed periods, including any acquisitions or disposals directly or indirectly and whether through purchase, sale, gift, subscription or otherwise;
- (iv) The UB Group Sellers exercising their voting rights in respect of the Equity Shares held by them to encourage the satisfaction of the conditions precedent to the completion of the issuance and allotment of the Preferential Shares under the PAA;
- (v) The UB Group Sellers complying in all material respects with the obligations (including the obligation not to create any encumbrance in favour of a Competitor and/or any Competitor's Affiliates) pertaining to creation of encumbrance over Equity Shares held by the UB Group Sellers as set out in the SPA;
- (vi) The absolute and unconditional release and discharge in full of each guarantee, indemnity, assurance, undertaking, commitment or other security obligation granted or entered into by any member of the USL Group in relation to or arising out of any obligation or liability of the Seller Group, including of any directors or managers of the Seller Group, in a manner agreed with the Acquirer, at the cost of the UB Group Sellers;
- (vii) The discharge of inter-company payables in full in a manner agreed to by the Acquirer and the discharge of inter-company receivables between the Seller Group and the USL Group in accordance with the terms of the SPA;
- (ix) There having been no breach of any "Essential Warranties", including (but not limited to) those described in Part II - Background to the Offer - paragraph 13(vii) above, given under the SPA by the Sellers as if repeated immediately prior to completion (in respect of the Sale Shares and, if applicable, the Additional Shares) by reference to the facts and circumstances subsisting at that time and subject, in certain cases, to a materiality threshold;
- (x) There having been no breach of any "Key Warranties" given under the SPA by the Sellers as if repeated immediately prior to completion (in respect of the Sale Shares and, if applicable, the Additional Shares) by reference to the facts and circumstances subsisting at that time, where such breach results, or is reasonably likely to result, in a material adverse effect on the USL Group (taken as a whole) or on a particular division of the USL Group identified in the SPA (taken as a whole). The "Key Warranties" relate to, among other things, the USL Group's rights to use intellectual property, involvement in litigation and use of assets and services owned or provided by third parties;
- (xi) There having been no breach of any of the warranties (including, but not limited to, the "Essential Warranties" and the "Key Warranties") given under the SPA by the Sellers by reference to the facts and circumstances subsisting on the date of the SPA and in respect of which the underlying matters giving rise to such breach result, or are reasonably likely to result, in a material adverse effect on the USL Group (taken as a whole) or on a particular division of the USL Group identified in the SPA (taken as a whole). Besides the "Essential Warranties" and the "Key Warranties", the Sellers have given warranties relating to, among other things, employment, pensions, real estate, environmental, intellectual property and tax matters affecting the USL Group, the USL

Group's accounts and events since the last accounts date, contractual arrangements and product liability matters;

- (xii) Either (a) USL (or a wholly owned member of the USL Group) acquiring all the issued equity shares in the capital of Four Seasons Wines Limited ("FSWL"); or (b) a member of the Seller Group acquiring all the equity shares in the capital of FSWL held by USL in accordance with an option agreement between USL and UBHL; and
- (xiii) Compliance, in all material respects, by the Sellers with their undertakings related to the conduct of the USL Group's business (besides those undertakings described herein above in Part II - Background to the Offer - paragraph 13(v)) between the date of the SPA and the completion of the acquisition of the Sale Shares and, if applicable, the Additional Shares, as described further in Part II - Background to the Offer - paragraph 15 herein below.

15. In terms of the SPA, the parties have agreed that, from the date of the SPA until the date of the completion of the acquisition of Sale Shares, each Seller shall exercise its shareholder rights, other powers of influence and control and otherwise use its reasonable endeavors to cause each member of the USL Group to, except where any action is necessary to implement the Transaction Documents, (i) carry on its business in the normal course; and (ii) not carry out certain acts or matters including but not limited to (a) non-ordinary course and/or non-arm's length term acquisitions or disposals of any material interest in any part of the business and undertaking of any member of the USL Group; (b) alterations to its charter documents; (c) entering into any individual contract or commitment relating to a material part of the business of any member of the USL Group; (d) entering into certain related party transactions; (e) creating any right to subscribe to, purchase, redeem or buy-back any shares or securities of any member of the USL Group; (f) making any loans otherwise than in the ordinary course of business to any person beyond certain limits; (g) making any substantial changes in the nature or organization of its business; (h) taking any action or entering into any agreement that requires the consent of SEBI under the SEBI (SAST) Regulations or the approval of the shareholders of USL under the Companies Act, 1956 or any other applicable laws; (i) taking any action that may materially affect any USL Group pension scheme identified under the SPA; (j) discontinuing or ceasing to operate all or any material part of its business; (k) borrowing in excess of certain limits; (l) making any capital commitments that exceed certain limits both at an individual and aggregate level; (m) declaring any dividends in a manner that is not consistent with past practice; (n) reducing its capital; (o) granting guarantees for any person other than a member of the USL Group outside the ordinary course of business and in excess of certain limits; (p) creating encumbrances over any part or the whole of any material undertaking or assets of any member of the USL Group (other than in consultation with the Acquirer); (q) assigning, licensing, charging, abandoning, ceasing to prosecute or otherwise disposing of, or failing to maintain, defend or pay any renewal, application or other official registry fees relating to any of USL's priority brand intellectual property; and (r) entering into any agreement to do any of the acts or matters restricted under the terms of the SPA.

Shareholders' Agreement ("SHA")

16. The Acquirer and Diageo have entered into a SHA with UBHL and KFIL dated November 9, 2012. The SHA, barring certain provisions including dispute resolution and representations and warranties, shall become effective on the completion of the acquisition of the Sale Shares under the SPA. On the SHA becoming effective, the Acquirer and Diageo shall be identified as part of the 'Promoters' of USL. Some of the key terms of the SHA include
- (i) *Appointment of Directors:* For so long as the SHA Qualifying Holder(s) continues to be the beneficial owner of not less than 1,307,950 Equity Shares, UBHL shall have the right to nominate one person to be a director on the board of USL, with the initial nominee being Dr. Vijay Mallya. Further, so long as the SHA Qualifying Holder(s) continues to be the beneficial owner of not less than 6,539,750 Equity Shares, UBHL shall have the right to recommend (in addition to the right to nominate one director) one person to act as an independent non-executive director (where eligible under applicable law as an independent non-executive director) or, if such person is ineligible to act by reason of the SHA, in the alternative to nominate a second person as a non-executive director to the board of USL. However, in certain circumstances, including any failure to sell the Additional Shares, if applicable, under the SPA, UBHL coming under the control of a Competitor and/or UBHL ceasing to be controlled by Dr. Mallya, the nomination and recommendation rights available to UBHL as described herein above shall fall away. The Acquirer and Diageo shall have the right to nominate and/or recommend all the remaining directors on the board of USL;
 - (ii) *Management:* The parties to the SHA have agreed that the Acquirer will have (a) the right to nominate persons to carry out the roles of Chief Executive Officer, Chief Financial Officer and Head of Internal Audit of USL and (b) the right through USL to appoint a majority of the directors to the boards of each of the subsidiaries of USL. The SHA UB Parties shall exercise, and UBHL shall procure that its affiliates exercise, their respective voting rights in relation to USL and shall, so far as they are able, take such other steps as are necessary to enable the appointment of such persons to such positions;
 - (iii) *Amendments to the Articles of USL:* The parties have agreed that, as soon as practicable after the completion of the acquisition of the Sale Shares under the SPA, certain amendments to USL's articles shall be made that would, among other things, (a) remove of the provisions related to the casting vote available to any person at a board or a shareholder meeting; (b) set quorum requirements for any meeting of the board such that one director nominated by the Acquirer ("**Diageo Director**") is required to attend, provided, however, that where any meeting has been adjourned due to the non-attendance of any Diageo Director, subject to compliance with any applicable law, the directors present at such reconvened meeting shall form the quorum and (c) incorporate certain other provisions such as director appointment and veto rights;
 - (iv) *Veto rights:* For so long as the SHA Qualifying Holder(s) continues to be the beneficial owner of not less than 1,307,950 Equity Shares, UBHL shall have limited veto rights in respect of any proposal related to (a) any pre-emptive issue of Equity Shares at a discount of over 25 per cent. to the volume weighted average price for the 30 trading days ending the day before the date on which the issue is announced. For the avoidance of doubt, nothing in the SHA grants any right of veto with respect to, or imposes any

restriction on, any other issue of shares or change to the capital of any member of the USL Group; (b) a change to the terms of the Equity Shares held by UBHL and its affiliates, other than changes which apply to all Equity Shares of the same class. For the avoidance of doubt, nothing in the SHA grants any right of veto with respect to, or imposes any restriction on, any issue of Equity Shares; (c) a voluntary solvent winding-up or dissolution of USL (save in the context of a merger transaction); (d) a voluntary delisting of USL from a stock exchange; (e) entering into any agreement or arrangement in relation to any of the foregoing; and (f) any amendment to USL's articles which prejudices in any material respect any rights of UBHL under the SHA. However, in certain circumstances, including any failure to sell the Additional Shares, if applicable, under the SPA, UBHL coming under the control of a Competitor and/or UBHL ceasing to be controlled by Dr. Mallya, the veto rights available to UBHL as described herein above shall fall away;

- (v) *Voting Arrangements:* From the date of the SHA becoming effective, and subject to members of the Diageo Group continuing to hold all Equity Shares acquired by the Acquirer under the SPA, the PAA and the Offer (other than any Equity Shares required by applicable law to be disposed), and up to the earlier of (a) the date on which the Acquirer (and its affiliates) acquire not less than 50.1 per cent. of the voting rights in USL and (b) the date which is the fourth anniversary of the first day of the first full annual accounting period of Diageo after the completion of the acquisition of the Sale Shares under the SPA, and subject to the veto rights (described in Part II - Background to the Offer - paragraph 16(iv) above), the SHA UB Parties and entities they control shall exercise all their voting rights in respect of Equity Shares held in USL in accordance with the written instructions of the Acquirer;
- (vi) *Right of First Offer:* The parties to the SHA have agreed that if, at any time, an SHA UB Party or an entity controlled by it intends to transfer any Equity Shares to a third party ("**Offered Shares**") other than to an SHA Permitted Transferee, then the Offered Shares shall first be offered to the Acquirer through an "**Offer Notice**" that shall specify the quantum of Offered Shares, the sale price thereof ("**Offered Price**") and the mode of the proposed transfer (whether on market or private transfer). No Offer Notice shall be issued in the period of 26 weeks immediately following the completion of the Offer that specifies an Offered Price higher than the Offer Price. The Acquirer may elect, within a specified period, to acquire all (but not a part of) the Offered Shares, except where the acquisition of the entire Offered Shares would trigger a requirement to make an open offer under the SEBI (SAST) Regulations, in which case the Acquirer may elect to acquire the maximum number of Offered Shares that would be permissible under the SEBI (SAST) Regulations without triggering a requirement to make an open offer (in each case, such Equity Shares thereafter being termed as "**ROFO Shares**"). The completion of the acquisition of the ROFO Shares shall take place within the time limits prescribed under the SHA and subject (where applicable) to the receipt of all necessary regulatory clearances. However, where the Acquirer does not elect to acquire the Offered Shares or, after so electing, fails to acquire the ROFO Shares, the relevant SHA UB Party shall be free, for 135 days, to sell the Offered Shares at the same or a higher price than the Offered Price in accordance with the terms of the SHA. Subject to certain exceptions, Equity Shares held by SHA UB Parties and entities controlled by them may not be transferred to a Competitor or an affiliate of a Competitor;

- (vii) *Acquisition Restrictions:* In terms of the SHA, the parties have agreed that, during the period of the 12 months and two weeks following the completion of the acquisition of the Sale Shares under the SPA, UBHL and entities controlled by UBHL (“**UBHL Entities**”) shall, provided the UBHL Group Sellers have been required to sell any Additional Shares to the Acquirer under the SPA, have priority to acquire Equity Shares to replace those Additional Shares, provided that this would not trigger a requirement to make an open offer under the SEBI (SAST) Regulations. Until the end of that period of 12 months and two weeks or, if earlier, until UBHL Entities have replaced those Additional Shares, the Acquirer will not acquire any Equity Shares, but thereafter the Acquirer shall have the first opportunity to acquire Equity Shares until it has acquired 50.1 per cent. of the Equity Shares, and UBHL Entities may only acquire further Equity Shares (to replace Additional Shares, but subject to such acquisition not triggering a requirement to make an open offer under the SEBI (SAST) Regulations) after the Acquirer, having had the buying opportunity referred to it, has declined to acquire the same. Once the Acquirer has acquired 50.1 per cent. of the Equity Shares, the entitlement of the UBHL Entities (along with persons acting or deemed to be acting in concert with them) to acquire Equity Shares is limited to the extent specified in the SHA, in order to avoid triggering a requirement to make an open offer under the “creeping acquisition” regulations of the SEBI (SAST) Regulations. Further, at no time shall the acquisition of Equity Shares by UBHL Entities lead to USL not being in compliance with minimum public shareholding requirements under Rule 19A of the SCRR. Also, if an acquisition by a member of the Diageo Group results in the public shareholding in USL reducing below the minimum specified under section 19A of the Securities Contracts (Regulation) Rules, 1957 or other Applicable Law or the Listing Agreement, then the Acquirer will ensure that USL is not delisted as a consequence thereof;
- (viii) *Tag Rights:* The SHA UB Parties have a right to “tag along” in connection with certain significant disposals of Equity Shares by the Acquirer and members of its group to third parties, at the same price and on the same terms and conditions. Further, in the event of a transaction that results in the indirect disposal or transfer by the Acquirer and/or members of its group of the Equity Shares in USL, then such tag along right shall be triggered at the price that is implied by the terms of the transaction leading to such indirect disposal or transfer of Equity Shares as certified by a ‘Big 4 Accounting Firm’ (not being the auditor of Diageo) as having been apportioned on a reasonable basis;
- (ix) *Put Right:* From the period commencing on the earlier of (a) the date on which Diageo Group first acquires 50.1 per cent of the Equity Shares of USL and (b) the date of publication by Diageo of the first set of audited consolidated annual financial statements of Diageo in which the results of USL are consolidated for a complete annual accounting period (“**Consolidation Date**”) and ending on the day before the seventh anniversary of the Consolidation Date, the SHA UB Party(ies) shall have the right to sell (“**Put Right**”) all or part of the Equity Shares they hold in USL up to a limit that is the lower of (a1) 36,253,635 Equity Shares less the shares sold by the UB Parties under the SPA; and (b1) the number of Equity Shares held by SHA UB Party(ies) immediately following completion of the acquisition of the Sale Shares under the SPA less the number of Additional Shares, if any, sold under the SPA, that limit being adjusted upwards to include Equity Shares acquired in accordance with Part II - Background to the Offer - paragraph 16(vii) above to replace Additional Shares sold to the Acquirer under the SPA and adjusted downwards to exclude any Equity

Shares sold by the SHA UB Party(ies) following completion of the acquisition of the Sale Shares under the SPA (except transfer to a SHA Permitted Transferee) (Equity Shares for which there is a Put Right being referred to as “**Put Shares**”), at a price of ₹ 1,440.00 per Equity Share (“**Put Price**”). The completion of the transfer of any Put Shares shall take place within the time limits specified under the SHA. However, the Acquirer shall not be required to acquire Put Shares if doing so would require the Acquirer to make an open offer under the SEBI (SAST) Regulations. Where the Acquirer intends to acquire Equity Shares from any third party, the Acquirer is required to provide the SHA UB Party(ies) notice of such proposed acquisition, together with the number of Equity Shares proposed to be acquired from such third party, in order to give the SHA UB Party(ies) the first opportunity to exercise their Put Right; The Put Right may be exercised in accordance with the SHA, subject to the applicable laws permitting a Put Right at the relevant time; and

- (x) *Non-Compete*: Subject to certain exceptions provided under the SHA, the SHA UB Party(ies) shall procure that none of their affiliates and no current promoter of UBHL shall, during the term of the SHA and for a period of two years following termination thereof, (a) carry on any business, either directly or indirectly and including as a director, consultant or advisor, which manufactures, distills, bottles, distributes, purchases and/or sells alcoholic spirits (excluding, for the avoidance of doubt, beer, wines and bottled water); (b) disclose to any person or use any confidential information related to the USL Group; or (c) assist any person to carry out any of the actions referred to in (a) or (b) herein.
17. While the Equity Shares to be tendered in this Offer shall be acquired by the Acquirer, the PACs shall be jointly and severally liable with the Acquirer in respect of the fulfillment of the Acquirer’s obligations under this Offer. The acquisition of the Sale Shares and, if applicable, the Additional Shares and the subscription to the Preferential Shares shall also be made by the Acquirer.
 18. Neither the Acquirer nor any of the PACs has been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act or under any other regulations made under the SEBI Act.
 19. As per Regulation 26(6) of the SEBI (SAST) Regulations, the board of directors of the Target Company is required to constitute a committee of independent directors to provide their reasoned recommendations on the Offer. The reasoned recommendations are required to be published in the same newspapers in which the DPS was published by no later than January 3, 2013.

Details of the Proposed Offer

1. The Detailed Public Statement was published on November 20, 2012 in The Economic Times (all editions), English national daily, Navbharat Times (all editions), Hindi national daily, Maharashtra Times (Mumbai edition), Marathi regional daily and Samyukta Karnataka (Bangalore edition), Kannada regional daily. A copy of the DPS is also available on the website of SEBI (www.sebi.gov.in)
2. The Acquirer and the PACs are making this Offer to all the Public Shareholders to acquire up to 37,785,214 Equity Shares (“**Offer Shares**”) of face value of ` 10/- each at a price of ` 1,440 (Rupees One thousand four hundred forty only) (“**Offer Price**”) aggregating to `

54,410,708,160 (Rupees Fifty four billion four hundred and ten million seven hundred and eight thousand one hundred and sixty only) in cash (“**Offer Size**”). The Offer Shares represents 26.0% of the Emerging Voting Capital. The Emerging Voting Capital has been computed on the assumption of completion of the issue and allotment of the Preferential Shares.

3. The Offer is subject to the receipt of the following statutory approvals namely (i) the receipt of approval from the CCI under the Competition Act and the rules and regulations thereunder (including the Combination Regulations), in a form and substance satisfactory to the Acquirer, for the subscription to the Preferential Shares, acquisition of the Sale Shares, and if applicable, the Additional Shares and the acquisition of the Offer Shares; and (ii) the receipt of approval from the German Anti-Trust Authority for the subscription to the Preferential Shares, the acquisition of the Sale Shares and, if applicable, the Additional Shares and the acquisition of the Offer Shares.
4. The Offer is further subject to the receipt of the statutory approvals, as specified in Part II - Background to the Offer - paragraph 11, for the purpose of the acquisition of the Sale Shares and if applicable, the Additional Shares under the SPA.
5. The Offer is also subject to the satisfaction of the conditions stipulated under the SPA and disclosed herein above in Part II - Background to the Offer - paragraph 13 (all of which are considered to be outside the reasonable control of the Acquirer and PACs).
6. The Offer Price is subject to revisions pursuant to the SEBI (SAST) Regulations, if any, or at the discretion of the Acquirer and the PACs at any time prior to three Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations.
7. The Emerging Voting Capital has been computed as under:

Particulars	Issued and paid up capital and voting rights	% of Emerging Voting Capital
Fully paid up Equity Shares as of the PA date	130,794,968	90.0
Partly paid up Equity Shares as of the PA date	Nil	Nil
Preferential Shares	14,532,775	10.0
Employee stock options outstanding	Nil	Nil
Emerging Voting Capital	145,327,743	100.0

Note: Where the Preferential Shares are not allotted, the Emerging Voting Capital shall accordingly be adjusted. However, it is clarified that the Offer shall continue for the Offer Shares as defined above.

8. There are no partly paid up Equity Shares in the share capital of the Target Company
9. The Offer is not conditional on any minimum level of acceptance by the Public Shareholders of the Target Company and is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations. Further, there is no differential pricing for this Offer.
10. The Acquirer and the PACs have not acquired any Equity Shares of the Target Company between the date of the PA (i.e. November 9, 2012) and the date of this Draft Letter of Offer.

11. Pursuant to the Offer (assuming full acceptance of the Offer) and the completion of the acquisition of the Sale Shares and the Preferential Shares, the public shareholding in USL shall not fall below the minimum public shareholding requirement for continuous listing under clause 40A of the Listing Agreement and rule 19A of the SCRR.

Object of the Acquisition / Offer

1. The Acquirer and the PACs acknowledge that the local spirits market in India offers a number of growth opportunities with its increasing number of middle class consumers who are looking to enjoy premium and prestige local spirits brands as income levels rise. The Offer and the agreement contained in the SPA and the PAA to acquire the Sale Shares and, if applicable, the Additional Shares and to subscribe to the Preferential Shares represent an opportunity for the Acquirer and the PACs to participate in these growth opportunities in India as part of the Diageo Group's strategy of building its presence in the world's faster growing markets.
2. The Acquirer and the PACs currently do not have any intention to alienate, whether by way of sale, lease, encumbrance or otherwise, any material assets of the USL Group during the period of two years following the completion of the Offer, except in the ordinary course of business, or subject to compliance with all applicable laws in connection with, any restructuring, rationalization or reorganization or disposal of assets, investments, business operations or liabilities of the USL Group carried out with the prior approval of the board of directors of the Target as being in the interest of the USL Group, or by way of alienation of material assets of the USL Group that are determined by the board of directors of the Target as being surplus and/or non-core, or on account of any approval of or conditions specified by any regulatory or statutory authorities, Indian or foreign, or for the purpose of compliance with any law that is binding on or applicable to the operations of the USL Group and/or the Diageo Group, or as provided in the SPA and/or the PAA. It shall be the responsibility of the board of directors of the Target or of any of its subsidiaries to make appropriate decisions in these matters in accordance with the requirements of the business of the USL Group.
3. Other than the above, if the Acquirer and the PACs intend to alienate any material asset of the USL Group, within a period of 2 years from completion of the Offer, the Target shall seek the approval of its shareholders as per the proviso to regulation 25(2) of SEBI (SAST) Regulations.

III. BACKGROUND OF THE ACQUIRER AND THE PACs

ACQUIRER

1. Relay B.V., a private limited company incorporated on July 13, 2012 in the Netherlands with trade register number 55690319, is an indirectly wholly owned subsidiary of Diageo. Its registered office is situated at Molenwerf 10-12, 1014 BG, Amsterdam, Netherlands, Tel: +31 20 7745000, Fax: +31 20 7745091. Compliance Officer: Marga Gerichhausen.
2. Relay is part of the Diageo Group. Its main objects include the acquisition of, subscription to and investment in equity shares / equity linked instruments of investee companies and the carrying on of all activities incidental or conducive thereof.

3. The issued and paid up capital of Relay is 1,300 ordinary A shares of ` 1,000 each and 100,000 ordinary B shares of ` 1,000 each. The shares of Relay are not listed on any stock exchange.
4. As of date of this DLoF, neither Relay nor any of its directors hold, either directly or indirectly, any stake in the equity share capital of or any other interest in USL. Further, there are no common directors on the board of Relay and USL. The details of the directors on the board of directors of the Acquirer are provided below:

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
Carolyn Darcy Isaacs	NA	July 13, 2012	Director	She is a qualified Accountant and holds an MBA from Cranfield University. She is the GDBS Director - Europe & Asia prior to which she was the Finance Director European Supply Chain and Diageo Brands BV. She has worked for Diageo since its formation in 1997 and prior to that within Grand Metropolitan. Her career has covered a broad range of finance roles, including as Finance Director in a number of markets, decision support, business and shared service strategy. Her most recent role spans Europe Supply Chain and Dutch based Global Trading and Holding Companies. Her experience includes delivery of a finance transformation agenda, determining the strategy and leading transitions for Diageo's shared service journey and partnering with the business across a range of functions. She is also a Pension Trustee for Diageo's UK Pension Scheme and member of the Pension Investment Committee.
Margaretha Catharina Theodora Maria Gerichhausen	NA	July 13, 2012	Director	She holds a Master Degree in Law (1988) from the University of Utrecht, the Netherlands. She is also a member of the Netherlands Institute of Company Lawyers. She is a corporate lawyer with extensive experience on Corporate Governance issues. She started her career with Pricewaterhouse in 1987 where she headed the Legal Department from 1990 to 1996. She has been part of the Diageo since its formation in 1997, and prior to that within Guinness PLC. During her career with Diageo she has held various positions inter alia as Business & Legal Director heading up the Amsterdam Corporate team, responsible for the Dutch holding structure. She currently holds the position of Company Secretary and Head of Corporate Governance of Diageo in the Netherlands. She also holds various directorship positions in Diageo companies in the Netherlands, France and Italy.

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
Timothy Young Chow	NA	July 17, 2012	Director	He holds an A.B. Magna cum Laude from Dartmouth College, Hanover, New Hampshire (1996) and a J.D. from University of Pennsylvania Law School, Philadelphia, Pennsylvania (2000). He was admitted to the Bar in New York State in 2002. He began his career as an Associate in Sullivan & Cromwell's general practice group focusing primarily on corporate finance matters. In 2004 he joined Diageo plc as Senior Counsel, Treasury and Finance and assisted the group with legacy issues regarding the disposal of its foods business (Pillsbury and Burger King). Before taking on his current role as Associate General Counsel, Corporate Centre in 2006, he spent a short secondment based in Taipei and Shanghai as Acting Regional Counsel, Diageo Greater China. As primary legal counsel to the Chief Financial Officer, he and his team provide legal support on all financial and capital structure related issues, disclosure and corporate governance obligations arising from the group's dual listing in the UK and US and general compliance matters, including, amongst other accountabilities, ownership of the group's anti-bribery and corruption policy. He is a member of the group's Finance Committee, Audit Risk Committee and Filings Assurance (disclosure) Committee. He is an American-British dual national and is currently based in New York City.
Claire-Louise Jordan	NA	July 17, 2012	Director	She holds a Bachelor of Law Degree from the University of Leicester, Faculty of Law (1995). She is also an Associate of The Institute of Chartered Accountants in England and Wales.
David Heginbottom	NA	July 17, 2012	Director	He is a Chartered Accountant and holds a B.A. in Mathematics from the University of Oxford. He joined Diageo Group in 1996 and has been Group Treasurer since 2010, prior to which he was the Regional Finance Director for Asia Pacific, being based in Singapore for six years. During his career at Diageo Group, he has also worked in Ireland and Australia.
Kieran John Gowing	NA	July 17, 2012	Director	He is an Associate of The Chartered Institute of Management Accountants (1991).

- Relay has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any other regulations made under the SEBI Act.

6. This being the first acquisition by the Acquirer in a listed company in India, the provisions of the SEBI (SAST) Regulations and the erstwhile takeover code were not applicable to the Acquirer.
7. Relay was incorporated on July 13, 2012 and, this being its first year of operations, there are no financial statements in respect of Relay.
8. There are no outstanding litigations involving Relay as of the date of this DLoF.

PAC 1

1. Diageo plc is a public limited company incorporated in England and Wales under registered number 23307. Diageo was originally incorporated as Arthur Guinness Son and Company, Limited on October 21, 1886. Its name was subsequently changed to Arthur Guinness and Sons Plc on March 1, 1982 and subsequently to Guinness PLC on May 1, 1985. The company was eventually named Diageo plc on December 17, 1997. Its registered office is situated at Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom, Tel: +44 20 89786000, Fax: +44 20 89781577. Compliance Officer: Paul Tunnacliffe, Tel: +44 20 89782274, Fax: +44 20 8978 1577, Email id: paul.tunnacliffe@diageo.com
2. Diageo is one of the world's leading premium drinks business selling products in more than 180 markets and collection of beverage alcohol brands across spirits, beer and wine categories. These brands include Johnnie Walker, Crown Royal, J&B, Buchanan's, Windsor and Bushmills whiskies, Smirnoff, Ciroc and Ketel One vodkas, Captain Morgan, Baileys, Tanqueray and Guinness. Diageo also manages Jose Cuervo tequila. Diageo is the ultimate holding company of the Acquirer.
3. The issued and paid up capital of Diageo as of June 30, 2012 was 2,754 million ordinary shares of face value 28(101/108) pence each aggregating to £797 million. This includes 259 million ordinary shares held as treasury shares repurchased under various buy-back programs and shares for hedging share scheme grants to employees. The shares of Diageo are listed on the London Stock Exchange, Paris Stock Exchange and the Dublin Stock Exchange. The American depository receipts of Diageo are listed on the New York Stock Exchange. Diageo is a widely held company with no identified promoter. As at November 9, 2012 the following substantial interest (3 per cent. or more) in Diageo's ordinary share capital has been notified to Diageo:

Shareholder	Number of ordinary shares	% of issued share capital (excluding treasury shares)
BlackRock Investment Management (UK) Limited (indirect holding)	147,296,928	5.89
Capital Research and Management Company (indirect holding)	124,653,096	4.99
Legal & General Group Plc (direct holding)	99,894,002	3.99

Brief information of the market prices of Diageo on the London Stock Exchange is provided below:

Particulars	London Stock Exchange			
	Highest Closing Price (in pence)	Lowest Closing Price (in pence)	Average Closing Price (in pence)	Total Volumes
October, 2012	1,797.0	1,746.5	1,772.9	84,992,125
September, 2012	1,764.5	1,672.5	1,721.1	93,717,270
August, 2012	1,742.5	1,680.5	1,708.4	79,367,245
July, 2012	1,732.0	1,648.5	1,676.4	82,770,464
June, 2012	1,642.0	1,516.5	1,595.2	92,451,191
May, 2012	1,614.5	1,477.0	1,539.8	83,303,872

(Source: Bloomberg data)

4. As of the date of this DLoF, neither Diageo nor any of its directors held, either directly or indirectly, any stake in the equity share capital of, or any other interest in, USL. Further, there are no common directors on the board of Diageo and USL. The details of the directors on the board of directors of Diageo are provided below:

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
Peggy B Bruzelius	NA	April 24, 2009	Non-Executive Director	She obtained a Master of Science (Business Administration) from Stockholm School of Economics in 1972. She was also awarded an Honorary Doctorate from the Stockholm School of Economics in 2005. She was appointed as a Non-Executive Director of Diageo plc in April 2009. She is Chairman of Lancelot Asset Management in Sweden and sits on the boards of Akzo Nobel NV in the Netherlands, Syngenta AG in Switzerland and Axfood AB and Skandia Mutual Life Insurance AB, both in Sweden. She was formerly Managing Director of ABB Financial Services AB, headed the asset management arm of Skandinaviska Enskilda Banken AB and a Non-Executive Director of Scania AB.
Laurence M Danon	NA	January 1, 2006	Non-Executive Director	She obtained an Ecole Normale Supérieure (Ulm) (1977-1981). She also has a Corps des Mines - Postgraduate Diploma in Organic Chemistry (1981-1984) and an Agregee with a Senior Postgraduate Teaching qualification in Physics. She was appointed a Non-Executive Director of Diageo plc in January 2006. She is Chairman of the Executive Board of Edmond de Rothschild Corporate Finance and a Non-Executive Director of Groupe BPCE and T F1, both in France. Formerly, she served with the French Ministry of Industry and Energy, held a number of senior management posts with Total Fina Elf and was Chairman and Chief Executive Officer of France Printemps. She was also a Non-Executive Director of Experian Group Limited, Plastic Omnium SA and Rhodia SA.

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
Lord Davies of Abersoch	NA	September 1, 2010	Non-Executive Director	He holds a PhD from Harvard Business School (1989) and is a Fellow of the Institute of Bankers. He was appointed Non-Executive Director of Diageo plc in September 2010 and Senior Non-Executive Director and Chairman of the Remuneration Committee in October 2011. He is a partner of Corsair Capital, Non-Executive Chairman of Pinebridge Investments Limited and Chair of the Advisory Board of Moelis & Co. He is also trustee of the Royal Academy of Arts and Chair of Council, University of Wales, Bangor. Previously he was Minister for Trade, Investment and Small Business for the UK Government between January 2009 and May 2010 and prior to this role, he was Chairman of Standard Chartered PLC.
Betsy D Holden	NA	September 1, 2009	Non-Executive Director	She has a BA in Education from Duke University (1977). She has also obtained a Master of Management, Marketing and Finance from Kellogg Graduate School of Management (1982) and a Master of Arts in Teaching from the Northwestern University (1987). She was appointed a Non-Executive Director of Diageo plc in September 2009. She is a Senior Adviser to McKinsey & Company and holds Non-Executive Directorships of Tribune Company and Western Union Company, both in the United States. She is a member of the board of trustees at Duke University and a member of the Dean's advisory board at the Kellogg School Management. She was formerly President, Global Marketing and Category Development and Co-Chief Executive Officer of Kraft Foods, Inc
Dr. Franz B Humer	NA	April 1, 2005	Chairman	Dr. Franz B Humer holds a Doctorate of Law from the University of Innsbruck. He also has an MBA from INSEAD, an Honorary Doctorate from the Faculty of Science, University of Basel and an Honorary Doctorate of Science from the London School of Pharmacy. Dr. Franz B Humer was appointed Chairman of Diageo plc in July 2008, having been a non-executive director since April 2005. He is also Chairman of F. Hoffmann-La-Roche Ltd in Switzerland, Chairman of INSEAD's board of directors and a non-executive director of Citigroup Inc. He was formerly Chief Operating Director of Glaxo Holdings plc and has held a number of other non-executive directorships.

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
Deirdre Mahlan	NA	October 1, 2010	Chief Financial Officer	She completed her BSc from the New York University in 1984 and an MBA from the Colombia Business School in 1991. She is also a Certified Public Accountant (1986). She was appointed as the Chief Financial Officer and a Director of Diageo plc in October 2010, prior to which she was Deputy Chief Financial Officer and before that Head of Tax and Treasury. She joined the company in 2001, having held various senior finance positions in Joseph E Seagram & Sons Inc since 1992 and having formerly been a Senior Manager with Pricewaterhouse. She was appointed as a Non-Executive Director of Experian plc with effect from September 2012 and is also a member of the Main Committee of the 100 Group of Finance Directors.
Ivan Menezes	NA	July 2, 2012	Chief Operating Officer	He obtained his BA in Economics (Hons) from St Stephen's College, Delhi University, India in 1979 and a Postgraduate Diploma in Management from the Indian Institute of Management, Ahmedabad, India in 1981. He obtained his Master of Management from Kellogg Graduate School of Management, Northwestern University, USA in 1985. He was appointed a Director of Diageo plc in July 2012, having been appointed Chief Operating Officer in March 2012. He was previously President, North America since January 2004, Chairman, Diageo Asia Pacific since October 2008 and Chairman, Diageo Latin America and Caribbean since July 2011. Formerly he held various senior management positions with Guinness and then Diageo and worked across a variety of sales, marketing and strategy roles with Nestle in Asia, Booz-Allen Hamilton Inc in the United States and Whirlpool in Europe. He is also a Non-Executive Director of Coach Inc., in the United States.
Philip G Scott	NA	October 17, 2007	Non-Executive Director	He is a Fellow of the Institute of Actuaries and a Fellow of the Association of Certified Public Accountants. He is also a Fellow of the Royal Society of Arts. He was appointed a Non-Executive Director of Diageo plc and Chairman of the Audit Committee in October 2007. He is the President of the Council of the Institute and Faculty of Actuaries and is a Non-Executive Director of the Royal Bank of Scotland Group plc. He was previously Chief Financial Officer of Aviva plc.
H Todd Stitzer	NA	June 23, 2004	Non-	He obtained his BA from Harvard University in

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
			Executive Director	1974 and a J.D. from Columbia University in 1978. He obtained a Doctor of Humanics from Springfield College in 2007. He was admitted to the State of New York Bar in 1979 and State of Connecticut Bar in 1984. He was appointed a Non-Executive Director of Diageo plc in June 2004. He is Chairman and a Non-Executive Director of Signet Limited and a Non-Executive Director of Massachusetts Mutual Life Insurance Company. He is also a member of the advisory board of Hamlin Capital Management, LLC, a New York based investment advisory firm and a member of the advisory committee of Virgin Group Holdings Limited. He was previously Chief Executive of Cadbury plc.
Paul S Walsh	NA	December 17, 1997	Chief Executive	He is a Chartered Management Accountant from the University of Manchester (1976). He is also a Chartered Global Management Accountant (ACMA, CGMA). He was appointed Chief Executive of Diageo plc in September 2000. He has served in a number of management roles since joining GrandMet's brewing division in 1982, including Chief Executive Officer of the Pillsbury Company. He was appointed to GrandMet board in October 1995 and to the Diageo plc board in December 1997. He is lead Non-Executive and Deputy Chair of the board of the Department of Energy and Climate Change, a Non-Executive Director of Avanti Communication Group plc, a Non-executive Director of Unilever PLC and a Non-Executive Director of FedEx Corporation in the United States. He was appointed a business ambassador on the UK Government's Business Ambassador network on August 9, 2012 and is also a member of the UK Government's Business Advisory Group and a member of the Council of the Scotch Whiskey Association.
Ho Kwon Ping	NA	October 1, 2012	Non-Executive Director	He obtained his BA in Economics from University of Singapore. He was appointed as Non-Executive Director of Diageo plc in July 2012 with effect from October 1, 2012. He is Executive Chairman and Founder of Banyan Tree Holdings, Ltd and an advisor to the global investment bank Moelis & Co. He is also Chairman of the Singapore Management University, Chairman of Laguna Resorts & Hotels Public Company Limited and Chairman and Chief Executive Office of Thai Wah Food Products Public Company Limited. Formerly, he served as Non-Executive Director at Singapore Airlines Ltd and Standard Chartered

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
				plc, as well as Chairman of MediaCorp Pte Ltd and Singapore Power Ltd.

5. Diageo has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any other regulations made under the SEBI Act.
6. This being the first acquisition by Diageo in a listed company in India, the provisions of the SEBI (SAST) Regulations and the erstwhile takeover code were not applicable to Diageo.
7. Diageo's ordinary shares are listed on the London Stock Exchange, the Paris Stock Exchange and the Dublin Stock Exchange and its American depositary shares are listed on the New York Stock Exchange. 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, 2012 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.
8. Brief audited financial information on a consolidated basis as at and for the financial years ended June 30, 2012, 2011 and 2010 are provided below:

(In million)

Profit & Loss Statement	For the year ended June 30, 2012		For the year ended June 30, 2011		For the year ended June 30, 2010	
	£	*₹	£	*₹	£	*₹
Income from operations ¹	10,762	937,047	9,936	865,128	9,780	851,545
Other income ²	213	18,546	176	15,324	142	12,364
Total income³	10,975	955,593	10,112	880,452	9,922	863,909
Total expenditure ⁴	(7,046)	(613,495)	(7,003)	(609,751)	(6,849)	(596,343)
PBIDAT⁵	3,929	342,098	3,109	270,701	3,073	267,566
Depreciation, amortization and impairment	(411)	(35,786)	(352)	(30,649)	(372)	(32,390)
Interest ⁶	(397)	(34,567)	(397)	(34,567)	(462)	(40,227)
Profit before taxation	3,121	271,745	2,360	205,485	2,239	194,949
Provision for taxation	(1,038)	(90,379)	(343)	(29,865)	(477)	(41,532)
Discontinued operations	(11)	(958)	Nil	Nil	(19)	(1,654)
Profit after taxation	2,072	180,408	2,017	175,620	1,743	151,763

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

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, 2012		As at June 30, 2011		As at June 30, 2010	
	£	*₹	£	*₹	£	*₹
Called up share capital	797	69,395	797	69,395	797	69,395
Reserves & share premium ¹	4,791	417,152	4,448	387,287	3,210	279,494
Net worth²	5,588	486,547	5,245	456,682	4,007	348,889
Non-current liabilities	10,755	936,438	8,877	772,920	10,724	933,739
Current liabilities	4,784	416,543	4,915	427,949	3,944	343,404
Non-controlling interests	1,223	106,487	740	64,432	779	67,828
Total equity and liabilities	22,350	1,946,015	19,777	1,721,983	19,454	1,693,860
Intangible assets	8,821	768,044	6,545	569,873	6,726	585,633
Property, plant & equipment	2,972	258,772	2,552	222,203	2,404	209,316
Biological assets	34	2,961	33	2,873	30	2,612
Investments ³	2,295	199,826	2,487	216,543	2,177	189,551
Other non-current assets ⁴	975	84,893	999	86,983	1,165	101,437
Current assets	7,253	631,519	7,161	623,508	6,952	605,311
Total assets	22,350	1,946,015	19,777	1,721,983	19,454	1,693,860

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

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, 2012		For the year ended June 30, 2011		For the year ended June 30, 2010	
	pence	*₹	pence	*₹	pence	*₹
Dividend (%) ¹	136.3%	136.3%	126.5%	126.5%	119.1%	119.1%
Basic earnings per share ²	77.8	67.7	76.2	66.3	65.5	57.0
Diluted earnings per share ²	77.4	67.4	76.0	66.2	65.4	56.9

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

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, 2012, as disclosed in its last annual report, are provided below:

- a. Guarantees – As of 30 June 2012 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. The complaint alleges several causes of action. Included among the causes of action is a claim that the defendants allegedly violated the Federal RICO Act by facilitating money laundering in Colombia through their supposed involvement in the contraband trade to the detriment of government owned spirits production and distribution businesses. Diageo is unable to quantify meaningfully the possible loss or range of loss to which the lawsuit may give rise. Diageo intends to defend itself vigorously against this lawsuit;
- 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 £108 million (including £13 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 £24 million (including £2 million of value added tax) was made to Diageo Korea.

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 £120 million (including £13 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 along with a petition for preliminary injunction to stay the final imposition notice. The Seoul Administrative Court granted Diageo Korea's request for preliminary injunction and stayed the final imposition until 30 September 2012.

The underlying matter is currently in progress with the Seoul Administrative 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. Ketel One vodka put option - The Nolet Group has an option exercisable from 9 June 2011 to 9 June 2013 to sell its 50% equity stake in Ketel One Worldwide BV to Diageo for a total consideration of US\$900 million (£573 million) plus 5.5% annual interest calculated from the date of the original acquisition on 9 June 2008. If the Nolet Group exercises this option but Diageo chooses not to buy the stake, Diageo will then have to pay US\$100 million (£64

million) to the Nolet Group and the Nolet Group may then pursue a sale of its stake to a third party, subject to rights of first offer and last refusal on Diageo's part;

- e. 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. The size of the class is not yet known. 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, Lynette 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. 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 company has worked voluntarily for many years with various thalidomide organisations and has provided significant financial support;
- f. Others - The Diageo Group has extensive international operations and is defendant in a number of legal, customs and tax proceedings incidental to these operations. There are a number of legal, customs and tax claims against the group, the outcome of which cannot at present be foreseen.

PAC 2

1. Diageo Finance plc, a public limited liability company incorporated in England and Wales under registered number 213393, is promoted by Diageo and is part of the Diageo Group. DFIN was originally incorporated as Mayfair Hotel Company Limited on April 23, 1926. Its name was subsequently changed to Grand Metropolitan (Finance) Limited on January 26, 1973. Subsequently the company was re-registered as a public company under the name Grand Metropolitan (Finance) Public Limited Company on November 2, 1981. The name of the company was again changed to Grand Metropolitan Finance PLC on December 10, 1981 and eventually to Diageo Finance plc on December 16, 1997. Its registered office is situated at Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom, Tel: +44 20 89786000, Fax: +44 20 89781577. Compliance Officer: Paul Tunnacliffe.
2. DFIN acts as an internal financing company for other companies within the Diageo Group. Together with DCAP and a number of other companies within the Diageo Group ("**Diageo Borrowers**"), it raises external debt financing for the Diageo Group. Most of the proceeds of such financing are deposited with DFIN and lent by it to Diageo and other companies within the Diageo Group to fund their operations.
3. DFIN is a wholly owned subsidiary of Diageo. Its shares are not listed on any stock exchange. The paid up capital of DFIN is 73,200,000,000 ordinary shares of 5 pence each aggregating to £3,660 million.
4. As of date of this DLoF, neither DFIN nor any of its directors hold, either directly or indirectly, any stake in the equity share capital of, or any other interest in, USL. Further, there are no common directors on the board of DFIN and USL. The details of the directors on the board of directors of DFIN are provided below:

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
Gyorgy Geiszl	NA	September 9, 2010	Group Chief Accountant	He is an Economist and Information Specialist, from the University “Janus Pannonius” at Pecs, Hungary (1991). He is also a Doctor of Economics, Summa cum Laude (1992), from the University “Janus Pannonius” at Pecs Hungary. He is a FCCA (British Accounting Degree) (1995) and is also a Hungarian Chartered Accountant (1996). He joined Diageo Group in June 2006, and is now Group Chief Accountant. Before joining Diageo Group, he was the CFO for Malev Hungarian Airlines. He has earlier held various roles in K&H Bank as Chief Accountant, CFO and COO. He started his career at Pricewaterhouse as an Auditor.
David Heginbottom	NA	September 9, 2010	Group Treasurer	He is a Chartered Accountant and holds a B.A. in Mathematics from the University of Oxford. He joined Diageo Group in 1996 and has been Group Treasurer since 2010, prior to which he was the Regional Finance Director for Asia Pacific, being based in Singapore for six years. During his career at Diageo Group, he has also worked in Ireland and Australia.
John Nicholls	NA	March 24, 2011	Deputy Company Secretary	He has a Degree in Management Science from the University of Manchester (1983). He is an Associate of the Institute of Chartered Company Secretaries (1994). He has worked in the company secretarial profession since 1983 for various companies. He has worked in Diageo plc Company Secretariat since 2001, first as Assistant Company Secretary then, since 2003, as Deputy Company Secretary.

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
Monika Pais	NA	October 3, 2008	Group Financial Reporting Director and Assistant Treasurer	She attended the College of Finance and Accountancy from 1992 to 1995 and received a Degree with Honors from Budapest University of Economic Sciences (1995-1997). She also holds an M.Sc. in Business Administration and is Registered Hungarian Certified Accountant (1997), a Certified Public Accountant registered in California USA (2002), and a Registered Certified Accountant for Financial Institutions (2005). She is also a Member of the Chamber of Certified Public Accountants of Hungary. She worked at PricewaterhouseCoopers in their Assurance and Advisory Services between 1996 and 2007 including two years at San Jose, USA. She joined Diageo in 2007 as Treasury Reporting Director and currently holds the position of Group Financial Reporting Director and Assistant Treasurer.
Paul Tunnacliffe	NA	January 7, 2008	Company Secretary	He holds a BSc in Mathematics and Management Sciences from the University of Hull (1980 - 1983). He is also a Fellow of the Institute of Chartered Secretaries (UK). He was appointed as Company Secretary of Diageo plc in January 2008. He was formerly Company Secretary of Hanson PLC.

5. DFIN has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any other regulations made under the SEBI Act.
6. This being the first acquisition by DFIN in a listed company in India, the provisions of the SEBI (SAST) Regulations and the erstwhile takeover code were not applicable to DFIN.
7. Brief audited financial information on a stand-alone basis as at and for the financial years ended June 30, 2012, 2011 and 2010 are provided below:

(In million)

Profit & Loss Statement	For the year ended June 30, 2012		For the year ended June 30, 2011		For the year ended June 30, 2010	
	£	*₹	£	*₹	£	*₹
Income from operations ¹	913	79,495	850	74,010	888	77,318
Other income	Nil	Nil	7	609	9	784
Total income	913	79,495	857	74,619	897	78,102
Total expenditure ²	(1,252)	(109,012)	(563)	(49,020)	(712)	(61,994)

Profit & Loss Statement	For the year ended June 30, 2012		For the year ended June 30, 2011		For the year ended June 30, 2010	
	£	*₹	£	*₹	£	*₹
PBDT ³	(339)	(29,517)	294	25,599	185	16,108
Depreciation	Nil	Nil	Nil	Nil	Nil	Nil
(Loss) / profit before taxation	(339)	(29,517)	294	25,599	185	16,108
Provision for taxation	(3)	(261)	(1)	(87)	(1)	(87)
(Loss) / profit after taxation	(342)	(29,778)	293	25,512	184	16,021

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

Notes

1) Interest income

2) Interest expense and other operating expense

3) Profit before depreciation and taxation

(In million)

Balance Sheet	As at June 30, 2012		As at June 30, 2011		As at June 30, 2010	
	£	*₹	£	*₹	£	*₹
Called up share capital	3,660	318,676	3,660	318,676	3,660	318,676
(Deficit) / reserves ¹	(31)	(2,699)	311	27,079	205	17,849
Net worth ²	3,629	315,977	3,971	345,755	3,865	336,525
Non-current liabilities	1,457	126,861	1,314	114,410	1,969	171,441
Current liabilities	33,917	2,953,153	31,987	2,785,108	32,240	2,807,137
Total equity and liabilities	39,003	3,395,991	37,272	3,245,273	38,074	3,315,103
Non-current assets	737	64,170	389	33,870	561	48,846
Current assets	38,266	3,331,821	36,883	3,211,403	37,513	3,266,257
Total assets	39,003	3,395,991	37,272	3,245,273	38,074	3,315,103

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

Notes

1) There is no revaluation reserve

2) Total assets less total liabilities

Other financial data	For the year ended June 30, 2012		For the year ended June 30, 2011		For the year ended June 30, 2010	
	pence	*₹	pence	*₹	pence	*₹
Dividend (%) ¹	Nil	Nil	Nil	Nil	5.1%	5.1%
Basic (loss) / earnings per share	(0.47)	(0.41)	0.40	0.35	0.25	0.22
Diluted (loss) / earnings per share	(0.47)	(0.41)	0.40	0.35	0.25	0.22

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

Note

1) Recommended full year dividend / called up share capital

Details of the contingent liabilities of Diageo Finance plc as of June 30, 2012 and material legal proceedings are provided below:

- a. Guarantees – In the year ended June 30, 2012 the company guaranteed the debt of a third party amounting to £30 million.

PAC 3

1. Diageo Capital plc, a public limited liability company incorporated in Scotland under registered number SC40795, is promoted by Diageo and is part of the Diageo Group. It was originally incorporated as Nutress Laboratories Limited on August 10, 1964. Its name was subsequently changed to Hayes Lyon Limited on August 16, 1990 and again to Guinness Finance Plc on April 16, 1992 and eventually to Diageo Capital plc on December 15, 1997. Its registered office is situated at Edinburgh Park, 5 Lochside Way, Edinburgh, EH12 9DT, United Kingdom, Tel: +44 20 89786000, Fax: +44 20 89781577. Compliance officer: Paul Tunnacliffe
2. DCAP is one of the Diageo Borrowers authorized to raise external debt financing for the Diageo Group. It deposits most of the proceeds of such financing with DFIN for lending to Diageo and other companies within the Diageo Group to fund their operations.
3. DCAP is a wholly owned subsidiary of Diageo. Its shares are not listed on any stock exchange. The paid up capital of DCAP is 200,000 ordinary shares of £1 each aggregating to £200,000.
4. As of the date of this DLoF, neither DCAP nor any of its directors hold, either directly or indirectly, any stake in the equity share capital of or any other interest in USL. Further, there are no common directors on the board of DCAP and USL. The details of the directors on the board of directors of DCAP are provided below:

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
Gyorgy Geiszl	NA	September 9, 2010	Group Chief Accountant	He is an Economist and Information Specialist, from the University “Janus Pannonius” at Pecs, Hungary (1991). He is also a Doctor of Economics, Summa cum Laude (1992), from the University “Janus Pannonius” at Pecs Hungary. He is a FCCA (British Accounting Degree) (1995) and is also a Hungarian Chartered Accountant (1996). He joined Diageo Group in June 2006, and is now Group Chief Accountant. Before joining Diageo Group, he was the CFO for Malev Hungarian Airlines. He has earlier held various roles in K&H Bank as Chief Accountant, CFO and COO. He started his career at Pricewaterhouse as an Auditor.
David Heginbottom	NA	September 9, 2010	Group Treasurer	He is a Chartered Accountant and holds a B.A. in Mathematics from the University of Oxford. He joined Diageo Group in 1996 and has been Group

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
				Treasurer since 2010, prior to which he was the Regional Finance Director for Asia Pacific, being based in Singapore for six years. During his career at Diageo Group, he has also worked in Ireland and Australia.
John Nicholls	NA	March 24, 2011	Deputy Company Secretary	He has a Degree in Management Science from the University of Manchester (1983). He is also an Associate of the Institute of Chartered Company Secretaries (1994). He has worked in the company secretarial profession since 1983 for various companies. He has worked in Diageo plc Company Secretariat since 2001, first as Assistant Company Secretary then, since 2003, as Deputy Company Secretary.
Monika Pais	NA	October 3, 2008	Group Financial Reporting Director and Assistant Treasurer	She attended the College of Finance and Accountancy from 1992 to 1995 and received a Degree with Honors from Budapest University of Economic Sciences (1995-1997). She also holds an M.Sc. in Business Administration and is Registered Hungarian Certified Accountant (1997), a Certified Public Accountant registered in California USA (2002), and a Registered Certified Accountant for Financial Institutions (2005). She is also a Member of the Chamber of Certified Public Accountants of Hungary. She worked at PricewaterhouseCoopers in their Assurance and Advisory Services between 1996 and 2007 including two years at San Jose, USA. She joined Diageo in 2007 as Treasury Reporting Director and currently holds the position of Group Financial Reporting Director and Assistant Treasurer.
Paul Tunnacliffe	NA	January 7, 2008	Company Secretary	He holds a BSc in Mathematics and Management Sciences from the University of Hull (1980 - 1983). He is also a Fellow of the Institute of Chartered Secretaries (UK). He was appointed as Company Secretary of Diageo plc in January 2008. He was formerly Company Secretary of Hanson PLC.

5. DCAP has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any other regulations made under the SEBI Act.

6. This being the first acquisition by DCAP in a listed company in India, the provisions of the SEBI (SAST) Regulations and the erstwhile takeover code were not applicable to DCAP.
7. Brief audited financial information on a stand-alone basis as at and for the financial years ended June 30, 2012, 2011 and 2010 are provided below:

(In million)

Profit & Loss Statement	For the year ended June 30, 2012		For the year ended June 30, 2011		For the year ended June 30, 2010	
	£	*₹	£	*₹	£	*₹
Income from operations ¹	513	44,667	139	12,103	344	29,952
Other income	1	87	2	174	Nil	Nil
Total income	514	44,754	141	12,277	344	29,952
Total expenditure ²	(504)	(43,883)	(282)	(24,554)	(516)	(44,928)
PBDT³	10	871	(141)	(12,277)	(172)	(14,976)
Depreciation	Nil	Nil	Nil	Nil	Nil	Nil
Profit / (loss) before taxation	10	871	(141)	(12,277)	(172)	(14,976)
Credit / (provision) for taxation	36	3,134	(5)	(435)	45	3,918
Profit / (loss) after taxation	46	4,005	(146)	(12,712)	(127)	(11,058)

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

Notes

- 1) Interest income
2) Interest expense and other operating expense
3) Profit before depreciation and taxation

(In million)

Balance Sheet	As at June 30, 2012		As at June 30, 2011		As at June 30, 2010	
	£	*₹	£	*₹	£	*₹
Called up share capital	Nil	Nil	Nil	Nil	Nil	Nil
Retained reserve / (deficit) and share premium ¹	145	12,625	51	4,441	(39)	(3,396)
Net worth²	145	12,625	51	4,441	(39)	(3,396)
Non-current liabilities	3,513	305,877	3,135	272,964	3,790	329,995
Current liabilities	2,223	193,557	2,775	241,619	2,213	192,686
Total equity and liabilities	5,881	512,059	5,961	519,024	5,964	519,285
Non-current assets	506	44,058	264	22,986	411	35,786
Current assets	5,375	468,001	5,697	496,038	5,553	483,499
Total assets	5,881	512,059	5,961	519,024	5,964	519,285

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

Notes

- 1) There is no revaluation reserve
2) Total assets less total liabilities

Other financial data	For the year ended June 30, 2012		For the year ended June 30, 2011		For the year ended June 30, 2010	
	£	*₹	£	*₹	£	*₹
Dividend (%)	Nil	Nil	Nil	Nil	Nil	Nil
Basic earnings / (loss) per share	230	20,026	(1,452)	(126,426)	(1,270)	(110,579)
Diluted earnings / (loss) per share	230	20,026	(1,452)	(126,426)	(1,270)	(110,579)

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

PAC 4

1. Tanqueray Gordon and Company Limited, a private limited company incorporated in England and Wales under registered number 55603, was incorporated on January 11, 1898. It is a wholly owned subsidiary of Diageo and is part of the Diageo Group. Its registered office is situated at Lakeside Drive, Park Royal, London, NW10 7HQ, United Kingdom, Tel: +44 20 89786000, Fax: +44 20 89781577. Compliance officer: Paul Tunnacliffe
2. TGCL has a track record of supplying Tanqueray and Gordons Gin to the British Royal Households for a period of five consecutive years or more and a representative of TGCL has been issued a Royal Warrant by the Queen's Lord Chamberlain office. Its chief source of income is the dividends it receives from its subsidiary.
3. TGCL is a wholly owned subsidiary of Diageo. Its shares are not listed on any stock exchanges. The paid up capital of TGCL is 2 ordinary shares of £100 each aggregating to £200.
4. As of date of this DLoF, neither TGCL nor any of its directors hold, either directly or indirectly, any stake in the equity share capital of or any other interest in USL. Further, there are no common directors on the board of TGCL and USL. The details of the directors on the board of directors of TGCL are provided below:

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
Nicholas Carr	NA	March 25, 2011	Director	He holds a BSc degree in Industrial Technology & Management from Bradford University. He also holds an MBA in Marketing from Wright State University, Ohio (1982). He is Director of Pricing and joined International Distilleries and Vintners in 1987. His responsibilities have included Marketing Director roles in Greece, Spain and Japan; Global Brand Director based in London; and Head of Regional Marketing in Asia Pacific for eight years. He has since been Global Director Portfolio Brands, including Scotch and Gins, and Global Director for Single Malts, Scotch Heritage and Brands Protection & Anti-counterfeit.

Name	DIN	Date of Appointment	Designation	Qualifications & Experience
Nandor Makos	NA	March 25, 2011	Director	He is a qualified Public Auditor and holds a University degree from Corvinus University of Economics, Budapest (1990). He was Regional FD for Central & Eastern Europe for Diversy from 1992 to 1996. He was then Regional FD for Central & Eastern Europe for Unilever from 1996 to 2000. He then served as Regional FD for Central & Eastern Europe for JohnsonDiversy between 2000 and 2002 and as RTR Process Director for Diageo from 2002 to 2006. He since has been Statutory Compliance Director for Diageo between 2006 and 2012.
John Nicholls	NA	March 25, 2011	Director	He has a Degree in Management Science from the University of Manchester (1983). He is also an Associate of the Institute of Chartered Company Secretaries (1994). He has worked in the company secretarial profession since 1983 for various companies. He has worked in Diageo plc Company Secretariat since 2001, first as Assistant Company Secretary then, since 2003, as Deputy Company Secretary.
Paul Tunnacliffe	NA	January 7, 2008	Director	He holds a BSc in Mathematics and Management Sciences from the University of Hull (1980 - 1983). He is also a Fellow of the Institute of Chartered Secretaries (UK). He was appointed as Company Secretary of Diageo plc in January 2008. He was formerly Company Secretary of Hanson PLC.

5. TGCL has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any other regulations made under the SEBI Act.
6. This being the first acquisition by TGCL in a listed company in India, the provisions of the SEBI (SAST) Regulations and the erstwhile takeover code were not applicable to TGCL.
7. Brief audited financial information on a stand-alone basis as at and for the financial years ended June 30, 2012, 2011 and 2010 are provided below:

(In thousand)

Profit & Loss Statement	For the year ended June 30, 2012		For the year ended June 30, 2011		For the year ended June 30, 2010	
	£	*₹	£	*₹	£	*₹
Income from operations ¹	3,314	288,550	Nil	Nil	Nil	Nil
Other income	Nil	Nil	Nil	Nil	Nil	Nil
Total income	3,314	288,550	Nil	Nil	Nil	Nil
Total expenditure	Nil	Nil	Nil	Nil	Nil	Nil
PBIDAT²	3,314	288,550	Nil	Nil	Nil	Nil
Depreciation, amortization and impairment	Nil	Nil	Nil	Nil	Nil	Nil
Interest	Nil	Nil	Nil	Nil	Nil	Nil
Profit before taxation	3,314	288,550	Nil	Nil	Nil	Nil
Provision for taxation	(166)	(14,454)	Nil	Nil	Nil	Nil
Profit after taxation	3,148	274,096	Nil	Nil	Nil	Nil

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

Notes

1) Dividend from subsidiary undertaking

2) Profit before interest, depreciation, amortization and taxation

(In thousand)

Balance Sheet	As at June 30, 2012		As at June 30, 2011		As at June 30, 2010	
	£	*₹	£	*₹	£	*₹
Called up share capital	Nil	Nil	Nil	Nil	245,500	21,375,685
Reserves & share premium ¹	3,150	274,271	2	174	287	24,989
Net worth²	3,150	274,271	2	174	245,787	21,400,674
Non-current liabilities	Nil	Nil	Nil	Nil	Nil	Nil
Current liabilities	Nil	Nil	Nil	Nil	Nil	Nil
Non-controlling interests	Nil	Nil	Nil	Nil	Nil	Nil
Total equity and liabilities	3,150	274,271	2	174	245,787	21,400,674
Intangible assets	Nil	Nil	Nil	Nil	Nil	Nil
Property, plant & equipment	Nil	Nil	Nil	Nil	Nil	Nil
Investments ³	2	174	2	174	2	174
Other non-current assets	Nil	Nil	Nil	Nil	Nil	Nil
Current assets ⁴	3,148	274,097	Nil	Nil	245,785	21,400,500
Total assets	3,150	274,271	2	174	245,787	21,400,674

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

Notes

1) Retained earnings (there is no revaluation reserve)

2) Net assets

3) Investment in subsidiary undertaking

4) Inter-group receivables

Other financial data	For the year ended June 30, 2012		For the year ended June 30, 2011		For the year ended June 30, 2010	
	£	*₹	£	*₹	£	*₹
Dividend (%) ¹	Nil	Nil	100.1%	100.1%	Nil	Nil
Basic earnings per share	1,574,000	137,048,180	Nil	Nil	Nil	Nil
Diluted earnings per share	1,574,000	137,048,180	Nil	Nil	Nil	Nil

* 1 £ = ₹87.07 Source: Bloomberg closing rate 29 June 2012

Note

1) Recommended full year dividend / called up share capital

IV. BACKGROUND OF THE TARGET COMPANY

1. United Spirits Limited, a public limited company incorporated in Bangalore, India, is part of the UB Group. USL was incorporated as McDowell Spirits Limited on March 31, 1999. Subsequently its name was changed to McDowell & Company Limited on April 12, 2001 and eventually changed to United Spirits Limited on October 17, 2006. Its registered office is situated at UB Tower, #24, Vittal Mallya Road, Bangalore – 560 001, Tel: +91 80 39856500 and Fax: +91 80 39856862. UBHL is one of the promoters of USL.
2. USL is the flagship company for the spirits business of the UB Group in India and its objects include *inter alia* manufacturing alcohol, rectified spirit, potable and industrial alcohol, and manufacturing, brewing, distilling, blending, compounding, preparing, processing and rendering potable or marketable various categories of liquors, wines, spirits and beers. USL carries on the business of manufacturing and bottling of Indian Made Foreign Liquor through distillery and bottling units (which include “owned” units, “tie-up” units, “associate” units and “leased”/“privileged” units)
3. The Emerging Voting Capital has been computed as follows:

Particulars	Issued and paid up capital and voting rights	% of Voting Capital
Fully paid up Equity Shares as of the PA date	130,794,968	90.0
Partly paid up Equity Shares as of the PA date	Nil	Nil
Preferential Shares	14,532,775	10.0
Employee stock options outstanding	Nil	Nil
Emerging Voting Capital	145,327,743	100.0

4. All the Equity Shares are listed on each of the Stock Exchanges and are not currently suspended from trading on any of the Stock Exchanges. USL’s Global Depository Shares (“GDS”) are listed on the Luxembourg Stock Exchange. Two GDS represent 1 Equity Share.

There are no outstanding shares that have been issued but not listed on at least one of the Stock Exchanges.

5. As on the date of this Letter of Offer, there are no outstanding instruments (warrants, Compulsorily Convertible Debentures, Compulsorily Convertible Preference Shares, Optionally Convertible Debentures or Preference Shares or Partially Convertible Debentures) that are convertible into Equity Shares.
6. The details of the board of directors of USL are provided below:

Name of Director	Date of Appointment	Designation
Dr. Vijay Mallya	April 27, 2000	Non-Executive Chairman
Mr. Subhash R. Gupte	April 3, 2001	Non-Executive Vice Chairman
Mr. Ashok Harikishanlal Capoor	April 29, 2011	Managing Director
Mr. Maddagiri Ramaswamy Doraiswamy Iyengar	April 19, 2001	Independent Director
Mr. Brij Mohan Labroo	April 19, 2001	Independent Director
Mr. Sreedhara Menon	July 14, 2006	Independent Director
Mr. Sudhindar Krishan Khanna	June 1, 2007	Independent Director
Mr. Ghyanendra Nath Bajpai	January 20, 2012	Independent Director

7. The details of the mergers, de-mergers and spin offs involving USL in the preceding three financial years (namely the financial years ending March 31, 2012, 2011 and 2010) are provided below:

Financial year ended March 31, 2012

There were no mergers, de-mergers or spin offs involving USL during the financial year ended March 31, 2012.

Financial year ended March 31, 2011

Amalgamation of Balaji Distilleries Limited into USL

The Hon'ble Appellate Authority for Industrial and Financial Reconstruction sanctioned the rehabilitation scheme of Balaji Distilleries Limited that included a scheme of arrangement between Balaji Distilleries Limited, Chennai Breweries Private Limited and USL and respective shareholders and creditors vide order dated November 29, 2010. The scheme was effective December 27, 2010, in terms of which all assets and liabilities of Balaji Distilleries Limited, excluding the brewery division, were transferred to and vested in USL with the appointed date of April 1, 2009. In terms of the scheme, the shareholders of Balaji Distilleries Limited were issued and allotted an aggregate of 5,200,639 Equity Shares in USL at the ratio of two Equity Shares of USL for every 55 equity shares of Balaji Distilleries Limited.

Financial year ended March 31, 2010

Amalgamation of Shaw Wallace & Company Limited (“**SWCL**”) and Primo Distributors Private Limited (“**Primo**”) into USL

In terms of a Scheme of Amalgamation (Scheme) under Sections 391 to 394 of the Companies Act, 1956, sanctioned by the Hon’ble High Courts of Karnataka, Bombay and Calcutta, SWCL and Primo were amalgamated with USL. The Scheme was effective from July 6, 2009, in terms of which all assets and liabilities of SWCL and Primo were transferred to and vested in USL with the appointed date of April 1, 2007.

In terms of the Scheme, the shareholders of SWCL were issued and allotted an aggregate of 7,749,121 equity shares in USL at the ratio of four equity shares of USL for every 17 equity shares of SWCL.

As Primo was a wholly owned subsidiary of USL, no shares have been issued pursuant to the Scheme.

8. Brief audited financial information of USL on a consolidated basis as at and for the financial years ended March 31, 2012, 2011 and 2010 are provided below:

<i>(In ₹ million)</i>	
Profit & Loss Statement	For the year ended March 31, 2012
Income from operations	86,372.161
Other Income	8,184.871
Total Income	94,557.032
Total expenditure	(81,262.295)
Profit Before Depreciation, Interest and Tax	13,294.737
Depreciation	(1,474.149)
Interest and finance charges	(8,359.536)
Profit before tax and exceptional items	3,461.052
Exceptional Items	(108.163)
Provision for tax	(1,480.905)
Profit after tax	1,871.984
Minority Interest in Profit/ (Loss)	(12.708)
Share of profits/(losses) of associates	(5.475)
Profit for the year	1,879.217

(Source: CA certificate dated November 15, 2012 issued by Walker, Chandiok & Co, Chartered Accountants, registration number 001076N)

<i>(In ₹ million)</i>	
Balance Sheet	As at March 31, 2012
Paid up share capital	1,258.698
Reserves & Surplus (excluding revaluation reserves)	45,358.981
Net worth	46,617.679
Minority Interest	146.105
Non-current liabilities	55,886.486
Current liabilities	55,915.165

Balance Sheet	As at March 31, 2012
Total	158,565.435
Non-current assets	97,840.352
Current assets	60,725.083
Total	158,565.435

(Source: CA certificate dated November 15, 2012 issued by Walker, Chandio & Co, Chartered Accountants, registration number 001076N)

Other financial data	For the year ended March 31, 2012
Dividend (%)	25%
Basic Earnings per Share (In ₹)	14.93

(Source: CA certificate dated November 15, 2012 issued by Walker, Chandio & Co, Chartered Accountants, registration number 001076N)

(In ₹ million)

Profit & Loss Statement	For the year ended March 31, 2011	For the year ended March 31, 2010
Income from operations	68,586.493	58,530.413
Other Income	7,625.720	5,941.38
Total Income	76,212.213	64,471.793
Total expenditure	(62,237.063)	(56,453.076)
Profit Before Depreciation, Interest and Tax	13,975.150	8,018.717
Depreciation	(1,023.272)	(950.207)
Interest and finance charges	(4,984.717)	(6,068.886)
Profit before tax and exceptional items	7,967.161	999.624
Exceptional Items	368.399	699.953
Provision for tax	(2,652.290)	(1,931.512)
Profit/ (Loss) after tax	5,683.270	(231.935)
Minority Interest in Profit/ (Loss)	(25.716)	(8.703)
Share of profits/ (losses) in associates	(13.779)	(3.843)
Profit/ (Loss) for the year	5,695.207	(227.075)

(Source: CA certificate dated November 15, 2012 issued by Walker, Chandio & Co, Chartered Accountants, registration number 001076N)

(In ₹ million)

Balance Sheet	As at March 31, 2011	As at March 31, 2010
Paid up share capital	1,258.698	1,206.691
Reserves & Surplus (excluding revaluation reserves)	40,527.479	36,528.662
Net worth	41,786.177	37,735.353
Minority Interest	175.075	84.675
Secured Loans	52,843.689	48,700.113
Unsecured Loans	10,966.876	6,360.442
Term Liability towards franchisee rights	3,296.182	3,443.896

Balance Sheet	As at March 31, 2011	As at March 31, 2010
Total Sources of Funds	109,067.999	96,324.479
Fixed Assets	20,689.960	18,194.058
Goodwill on consolidation	44,320.104	42,443.639
Investments	1,544.217	1,265.359
Deferred Tax Asset	325.313	714.503
Foreign currency monetary item translation difference	-	1,412.917
Current assets, loans & advances	61,842.379	49,489.773
Less: Current liabilities & provisions	(20,101.621)	(17,643.893)
Miscellaneous expenditure (to extent not written off)	447.647	448.123
Total Application of Funds	109,067.999	96,324.479

(Source: CA certificate dated November 15, 2012 issued by Walker, Chandiok & Co, Chartered Accountants, registration number 001076N)

Other financial data	For the year ended March 31, 2011	For the year ended March 31, 2010
Dividend (%)	25%	25%
Basic Earnings per Share (In ₹)	45.25	(2.05)

(Source: CA certificate dated November 15, 2012 issued by Walker, Chandiok & Co, Chartered Accountants, registration number 001076N)

The standalone un-audited limited reviewed financials of USL as at and for the three month period ended September 30, 2012 is provided below:

(In ₹ million)

Profit & Loss Statement	For the 6 months ended September 30, 2012
Income from operations	42,779.845
Other Income	558.504
Total Income	43,338.349
Total expenditure	(36,898.615)
Profit Before Depreciation, Interest and Tax	6,439.734
Depreciation	(350.262)
Interest and finance charges	(3,356.026)
Profit before tax and exceptional items	2,733.446
Exceptional Items	-
Provision for tax	(891.161)
Profit after tax	1,842.285
Minority Interest	NA
Share of profits in associates	NA
Profit for the period ended September 30, 2012	1,842.285

(Source: CA certificate dated November 15, 2012 issued by Walker, Chandiok & Co, Chartered Accountants, registration number 001076N)

(In ₹ million)

Balance Sheet	As at September 30, 2012
Paid up share capital	1,307.950
Reserves & Surplus	60,850.184
Net worth	62,158.134
Non-current liabilities	12,688.438
Current liabilities	50,155.680
Total	125,002.252
Non-current assets	83,398.463
Current assets	41,603.809
Total	125,002.272

(Source: CA certificate dated November 15, 2012 issued by Walker, Chandio & Co, Chartered Accountants, registration number 001076N)

Other financial data	For the 6 months ended September 30, 2012
Basic Earnings per Share (not annualized) (In ₹)	14.09

(Source: CA certificate dated November 15, 2012 issued by Walker, Chandio & Co, Chartered Accountants, registration number 001076N)

Details of the contingent liabilities in USL as of March 31, 2012 are provided below:

(In ₹ million)

SL. No.	Nature of the Contingent Liability	Estimated Amount
1	Guarantees given by the Company's bankers for which counter guarantees have been given by the Company	466.828
2	Disputed claims against the Company not acknowledged as debts, currently under appeal / sub-judice	
	(i) Excise demands for excess wastages and distillation losses	289.370
	(ii) Other miscellaneous claims	395.576
	(iii) Income tax demand (including interest) under appeal	2,762.836
	(iv) Sales tax demands under appeal in various states	726.884
3	Bills receivable discounted – since fully settled	880.319
4	Claims from suppliers not acknowledged as debts	101.924

(Source: United Spirits Limited Annual Report 2011-12)

9. Shareholding pattern of USL pre and post Offer is provided below:

Shareholder Category	Shareholding & voting rights prior to agreement / acquisition and open offer (A)		Shareholding & voting rights to be acquired / (sold) under the agreement (B)		Shares / voting rights to be acquired / (sold) in open offer (assuming full acceptance) (C)		Shareholding / voting rights after the acquisition and offer (D) = (A) + (B) + (C)	
	No.	%	No.	%⁽¹⁾	No.	%⁽¹⁾	No.	%⁽¹⁾
(I) Promoter Group								
a. Parties to agreement, if any	36,253,635	27.72	(16,716,987)	(11.50)	Nil	Nil	19,536,648	13.44
b. Promoter other than a. above	82,597	0.06	Nil	Nil	Nil	Nil	82,597	0.06
Total (I) (a+b)	36,336,232	27.78	(16,716,987)	(11.50)	Nil	Nil	19,619,245	13.50

Shareholder Category	Shareholding & voting rights prior to agreement / acquisition and open offer (A)		Shareholding & voting rights to be acquired / (sold) under the agreement (B)		Shares / voting rights to be acquired / (sold) in open offer (assuming full acceptance) (C)		Shareholding / voting rights after the acquisition and offer (D) = (A) + (B) + (C)	
	No.	%	No.	% ⁽¹⁾	No.	% ⁽¹⁾	No.	% ⁽¹⁾
(2) Acquirer								
a. Acquirer								
a.1. Sale Shares	Nil	Nil	25,226,839	17.36	Nil	Nil	25,226,839	17.36
a.2. Preferential Shares	Nil	Nil	14,532,775	10.00	Nil	Nil	14,532,775	10.00
a.3. Offer Shares	Nil	Nil	Nil	Nil	37,785,214 ⁽²⁾	26.00	37,785,214	26.00
b. PACs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total (2) (a+b)	Nil	Nil	39,759,614	27.36	37,785,214	26.00	77,544,828	53.36
(3) Parties to agreement other than (1) and (2) above	8,509,852	6.51	(8,509,852)	(5.86)	Nil	Nil	Nil	Nil
(4) Public (other than parties to agreement, Acquirer and PACs)								
a. FIs / MFs / FIIs / Banks / SFIs ⁽³⁾	66,703,250	51.00	Nil	Nil	(37,785,214)	(26.00)	48,163,670	33.13
b. Others ⁽⁴⁾	19,245,634	14.71	Nil	Nil				
Total (4) (a+b)	85,948,884	65.71	Nil	Nil	(37,785,214)	(26.00)	48,163,670	33.14
Grand Total	130,794,968	100.00	14,532,775	10.00	Nil	Nil	145,327,743	100.00

(Source: USL - Shareholding pre Offer is as of November 16, 2012)

Notes

(1) Assuming the issuance and allotment of the Preferential Shares. In the event the Preferential Shares are not allotted under the PAA and where Additional Shares under the SPA are acquired by the Acquirer the numbers mentioned herein above shall stand modified to that extent.

(2) The Offer Shares shall not be reduced in the event the Preferential Shares are not allotted under the PAA

(3) Includes Mutual Funds, Financial Institutions / Banks, Central / State Government(s), Insurance Companies, FIIs

(4) Includes Bodies Corporate, NRI, Clearing Members, Foreign OCB DR, Overseas Corporate Bodies, Indian Individuals and Custodians

V. OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification of Offer Price

1. The Offer is made pursuant to the execution of the SPA, the SHA and the PAA and in accordance with Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations.
2. The Equity Shares of USL are listed on BSE, NSE and BgSE
3. The trading turnover in the Equity Shares based on the trading volumes during the twelve months prior to the month of the PA on NSE, BSE and BgSE is as given below:

Stock exchange	Total traded volumes during the 12 calendar months preceding date of the PA	Weighted average number of Equity Shares during the 12 calendar months preceding date of the PA	Trading turnover (as a % of weighted average number of Equity Shares)
BSE	117,550,403	130,794,968	89.9
NSE	577,902,935	130,794,968	441.8
BgSE	No trading		

(Source: CA certificate dated November 9, 2012 issued by Deloitte Haskins & Sells, Chartered Accountants, registration 117365W)

4. Based on the above, the Equity Shares are frequently traded in terms of the SEBI (SAST) Regulations.
5. The Offer Price of ₹ 1,440 per Equity Share is justified in terms of Regulation 8(2) of the SEBI (SAST) Regulations, being the highest of the following parameters:

Sl. No	Details	₹
A	The highest negotiated price per Sale Share of USL (as per the SPA) attracting the obligation to the Open Offer	1,440.00
B	The price per Preferential Share under the PAA attracting the obligation of the Open Offer	1,440.00
C	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 PA	NA
D	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 PA	NA
E	The volume weighted average market price of the Equity Shares during the sixty trading days immediately preceding the date of the PA as traded on NSE, being the stock exchange on which the Equity Shares were most frequently traded for the said period	1,095.97

Note: The Offer Price would be revised in the event of any corporate action like bonus, rights, split etc. Where the record date for effecting such corporate actions falls within 3 Working Days prior to the commencement of the tendering period of the Open Offer

(Source: CA certificate dated November 9, 2012 issued by Deloitte Haskins & Sells, Chartered Accountants, registration number 117365W)

6. The Offer Price is subject to revision pursuant to the SEBI (SAST) Regulations, if any, or at the discretion of the Acquirer and PACs, at any time prior to three Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and PACs shall (i) make corresponding increases to the escrow amount; (ii) make a public announcement in the same newspapers in which the DPS was published; and (iii) simultaneously with the issue of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision.
7. In the event that the number of Equity Shares validly tendered by the Public Shareholders of the Target Company under this Offer is more than the Offer Size, the Acquirer and the PACs shall accept the Equity Shares received from the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer.

Financial Arrangements

1. The Offer Size is ₹ 54,410,708,160 (Rupees Fifty four billion four hundred and ten million seven hundred and eight thousand one hundred and sixty only).
2. In accordance with Regulation 17 of the SEBI (SAST) Regulations, an escrow arrangement has been created in the form of bank guarantee (“BG”) and Cash Escrow (as defined below).
3. The Acquirer has entered into an escrow agreement with Bank of America N.A., Mumbai branch (“**Open Offer Escrow Agent**”) and the Manager (“**Open Offer Escrow Agreement**”) pursuant to which the Open Offer Escrow Agent has issued a BG dated November 9, 2012 in favour of the Manager for an amount of ₹ 6,191,070,816 (Rupees Six billion one hundred and ninety one million seventy thousand eight hundred and sixteen only). The Acquirer has additionally, in accordance with Regulation 17(4) of the SEBI (SAST) Regulations, deposited cash aggregating to ₹ 544,107,082 (Rupees Five hundred and forty four million one hundred and seven thousand and eighty two only), being one percent of the Offer Size (“**Cash Escrow**”), in the Open Offer Escrow Account. The Cash Escrow, together with the BG, constitutes the escrow amount (“**Open Offer Escrow Amount**”). The Open Offer Escrow Amount has been computed in accordance with Regulation 17(1) of the SEBI (SAST) Regulations. The Manager has been authorized to operate the Open Offer Escrow Account on the terms set out in the Open Offer Escrow Agreement.
4. The Manager has been duly authorized pursuant to the terms of the SEBI (SAST) Regulations and the Open Offer Escrow Agreement to realize the BG to meet the obligations of the Acquirer and the PACs in connection with the Offer. The BG shall remain valid for a period of twelve months and the Acquirer and the PACs undertake to extend the validity of the BG for such period as may be required and in no event shall the BG be terminated prior to thirty days from the date of completion of payment of the consideration to Public Shareholders who have successfully tendered their Equity Shares in the Offer.
5. The Open Offer Escrow Agent is neither an associate company nor a group company of the Acquirer, the PACs or the Target.
6. SSPA & Co. Chartered Accountants, have, vide their certificate dated November 12, 2012, certified on the basis of lines of credit available to DFIN and DCAP from various lenders aggregating to US\$ 3,500.00 million and undertakings received from co-borrowers of these facilities regarding usage of these facilities and on the examination of the Open Offer Escrow Agreement and the balance in the Open Offer Escrow Account that the Acquirer and the PACs have made firm financial arrangements to fulfill their obligations under this Offer.
7. Based on the above, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer and the PACs to fulfill their obligations in relation to this Offer through verifiable means in accordance with the SEBI (SAST) Regulations.

VI. OTHER INFORMATION

1. Individual Agreement - Diageo and the Acquirer have entered into the Individual Agreement with Dr. Vijay Mallya which, read together with the SHA, makes provision relating to the continuation in office of Dr. Mallya in his present capacity as the non-executive Chairman of the board of USL, for his role as a director of USL (in each case, both while UBHL has the

right to appoint a non-executive director of USL and after it has ceased to have that right) and under certain circumstances, were Dr. Mallya to cease to be Chairman of USL, for the designation of Dr. Mallya as the Chairman Emeritus of USL, a non-board position.

2. Diageo and Dr. Vijay Mallya have entered into a non-binding memorandum of understanding (“**MoU**”) to establish a joint venture to own United National Breweries’ traditional sorghum beer business in South Africa. Under the MoU, Diageo would acquire a 50.0% stake in the joint venture, with the other 50.0% being held by a company affiliated to Dr. Mallya. Diageo and the Dr. Mallya affiliated company would have equal shareholder votes in the joint venture and equal representation on its board. Dr. Mallya would be the Chairman of the board of the joint venture company, but would not have a casting vote. Implementation of this joint venture would be conditional on agreement of definitive documentation between the parties and the receipt of certain consents, including from the South African competition and other regulatory authorities.
3. Diageo and Dr. Vijay Mallya are also considering the possibility of extending their joint venture relationship by establishing a joint venture in respect of certain emerging markets in Africa and Asia (excluding India) on terms and with a scope as yet to be determined. It is not certain whether such a joint venture will be established or, if so, on what basis. If this emerging markets joint venture is established, it is expected that the South African joint venture would be contributed to it.

VII. TERMS AND CONDITIONS OF THE OFFER

Operational Terms and Conditions

1. In terms of the tentative schedule of activities, the Tendering Period for the Offer is expected to commence on January 7, 2013 and is expected to close on January 18, 2013.
2. The Equity Shares offered under this Offer shall be free from all liens, charges, equitable interests and encumbrances and are to be offered together with all rights in respect of dividends or bonuses, if any, declared hereafter.
3. This is not a conditional Offer and there is no stipulation on any minimum level of acceptance.
4. The Identified Date for this Offer as per the tentative schedule of activities is December 21, 2012.
5. The marketable lot for the Equity Shares for the purpose of this Offer shall be 1 (one only).
6. In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Public Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.
7. The Target Company has no Equity Shares which are locked-in. However, the Preferential Shares to be issued to the Acquirer shall be locked-in in accordance with the SEBI (ICDR) Regulations.

Eligibility for accepting the Offer

1. The Letter of Offer shall be sent to all Public Shareholders holding Equity Shares whose names appear in the register of the Target Company as on December 21, 2012 (the “**Identified Date**”).
2. All Public Shareholders, registered or unregistered, who own Equity Shares and are able to tender such Equity Shares in this Offer at any time before the closure of the Tendering Period are eligible to participate in this Offer.
3. The Public Announcement, the Detailed Public Statement, the Letter of Offer and the Form of Acceptance cum Acknowledgement will also be available on SEBI’s website (www.sebi.gov.in). In case of non-receipt of the Letter of Offer, Public Shareholders, including those who have acquired Equity Shares after the Identified Date, if they so desire, may download the Letter of Offer or the Form of Acceptance cum Acknowledgement from SEBI’s website.
4. The acceptance of this Offer by Public Shareholders must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.
5. The acceptance of this Offer is entirely at the discretion of the Public Shareholder(s) of the Target Company.
6. None of the Acquirer, the PACs, the Manager to the Offer or the Registrar to the Offer accepts any responsibility for any loss of equity share certificates, Offer acceptance forms, share transfer forms etc. during transit and Public Shareholders are advised to adequately safeguard their interest in this regard.
7. The acceptance of Equity Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.
8. The instructions, authorizations and provisions contained in the Form of Acceptance constitute part of the terms of the Offer.

Statutory and Other approvals

1. The Offer is subject to the statutory approvals as specified in Part II - Details of the Proposed Offer - paragraph 3 therein.
2. To the best of the knowledge of the Acquirer and the PACs, there are no other statutory approvals required to complete the acquisition of the Offer Shares, other than the ones mentioned in Part II - Details of the Proposed Offer - paragraph 3 therein. If any other statutory approval becomes applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approval.
3. The acquisition of Offer Shares tendered by NRIs and OCB is subject to the approval or exemption from the RBI.

4. Where any statutory approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.
5. The Offer is further subject to the receipt of the statutory approvals, as specified in Part II - Background to the Offer - paragraph 11 therein, for the purpose of the acquisition of the Sale Shares and, if applicable, the Additional Shares under the SPA.
6. The Offer is also subject to the satisfaction of the conditions stipulated under the SPA and disclosed herein above in Part II - Background to the Offer - paragraph 13 therein (all of which are considered to be outside the reasonable control of the Acquirer and the PACs).
7. In case of delay in receipt of any statutory approval, SEBI may, if satisfied that such delay in receipt of the requisite statutory approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer and/or the PACs to diligently pursue such approval, and subject to such terms and conditions as may specified by SEBI, including payment of interest in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, permit the Acquirer and the PACs to delay the commencement of the tendering period for the Offer pending receipt of such statutory approvals or grant an extension of time to the Acquirer and the PACs to make the payment of the consideration to the Public Shareholders whose Offer Shares have been accepted in the Offer.
8. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event that the approvals specified herein above in Part II - Details of the Proposed Offer - paragraph 3 therein and in Part II - Background to the Offer - paragraph 11 therein and / or the specific conditions outlined herein above in Part II - Background to the Offer - paragraph 13 therein (all of which are considered to be outside the reasonable control of the Acquirer and the PACs) are not received or satisfied, or unless otherwise waived by the Acquirer, the Acquirer shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer and the PACs (through the Manager) shall, within two Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations. In such an event, the Acquirer shall not acquire the Sale Shares or, if applicable, the Additional Shares or, where the Preferential Shares have not been already allotted, subscribe to the Preferential Shares.

VIII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

1. 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 “Relay BV–USL 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 10065531.
2. The Offer is made to the Public Shareholders as defined in this DLoF. While the LoF shall be dispatched to the Public Shareholders of USL whose name appears in the register of members as of the Identified Date, all Public Shareholders of USL may tender their Equity Shares in the Offer. Accordingly, all Public Shareholders, whether holding Equity Shares in dematerialized form or physical form, registered or unregistered, are eligible to participate in this Offer at any time during the Tendering Period. No indemnity is needed from unregistered Public Shareholders.

3. The Public Shareholders who qualify and who wish to participate in this Offer will have to deliver the relevant documents as mentioned below and such other documents as specified in the Letter of Offer at the Registrar to the Offer's office or at the following collection centres, either by hand delivery or by registered post between 10.00 a.m. and 4.00 p.m. on any Working Day during the Tendering Period. The documents should not be sent to the Manager, the Acquirer, the PACs or the Target.

SL. No.	Collection Centre	Address of Collection Centre	Contact person	Phone No. / Fax No. and Email Id	Mode of delivery
1.	Mumbai	Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai -400078	Mr. Pravin Kasare	Tel. No.: +91 22 25967878 Fax No.: +91 22 25960329 Email: pravin.kasare@linkintime.co.in	Hand Delivery & Registered Post
2.	Ahmedabad	Link Intime India Pvt. Ltd, 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C G Road, Navrangpura, Ahmedabad - 380009	Mr. Hitesh Patel	Tel. No.: +91 79 26465179 Telefax No.: +91 79 26465179 Email: ahmedabad@linkintime.co.in	Hand Delivery
3.	Bangalore	Link Intime India Pvt. Ltd., 543/A, 7TH Main, 3rd Cross, Hanumanthanagar, Bangalore - 560 019	Mr. Prashant D. Shedbal	Tel. No.: +91 80 26509004 Telefax No.: +91 80 26509004 Email: bangalore@linkintime.co.in	Hand Delivery
4.	Baroda	Link Intime India Pvt. Ltd., B Tower, 102 B & 103, Sangrila Complex, First Floor, Radhakrishna Char Rasta, Akota, Vadodara – 390020	Mr. Alpesh Gandhi	Tel. No.: +91 265 2356573 / 796 / 794 Fax No.: +91 265 2356791 Email: vadodara@linkintime.co.in	Hand Delivery
5.	Kolkata	Link Intime India Pvt. Ltd, 59C, Chowringhee Road, 3rd Floor, Kolkata -700020	Mr. S.P. Guha	Tel. No.: +91 33 22890539 / 40 Telefax No.: +91 33 22890539 / 40 Email: kolkata@linkintime.co.in	Hand Delivery
6.	New Delhi	Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi – 110028	Mr. Swapan Naskar	Tel. No.: +91 11 41410592 / 93 / 94 Fax No.: +91 11 41410591 Email: delhi@linkintime.co.in	Hand Delivery
7.	Pune	Link Intime India Pvt. Ltd, Block No 202 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune - 411 001	Mr. Rajeeva Koteswar	Tel. No.: +91 20 26160084 / 1629 Telefax No.: +91 20 26163503 Email: pune@linkintime.co.in	Hand Delivery
8.	Chennai	C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai - 600 017	Mrs. Solly Soy	Tel. No.: +91 44 28152672 / 42070906 Telefax No.: +91 44 28152672 Email: chennai@saspartners.com	Hand Delivery

4. Any person who has acquired Equity Shares of the Target (irrespective of the date of purchase) but whose name does not appear in the register of members of the Target on the Identified Date, or any Public Shareholder who has not received the Letter of Offer, may also participate in this Offer by submitting an application on plain paper giving details regarding their shareholding and confirming their agreement to participate in this Offer as per the terms and conditions of this Offer. Such application should be sent to the Registrar to the Offer together with the relevant share certificate(s) and transfer forms (if the Equity Shares are held in physical form) or a photocopy of the DP instruction slip duly acknowledged by the DP (in the case of Equity Shares held in dematerialized form) in “off-market” mode, the original contract note issued by a registered share broker of a recognized stock exchange through whom such Equity Shares were acquired and/or such other documents as specified in the Letter of Offer.
5. Public Shareholders holding Equity Shares in dematerialized form shall deliver the following documents:
 - (i) Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the depository.
 - (ii) 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.
 - (iii) For each delivery instruction, the beneficial owner should submit a separate form of acceptance cum acknowledgment. The Public Shareholders having their 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. The ISIN number allotted to Equity Shares of USL is INE854D01016. The Public Shareholders who have sent their physical Equity Shares for dematerialization need to ensure that the dematerialization process is completed in sufficient time to ensure that the credit in the Open Offer Escrow Demat Account is received on or before closure of the Offer.
 - (iv) 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.
 - (v) In case the aforesaid documents have not been tendered 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.
6. Public Shareholders holding the Equity Shares in physical form shall deliver the following documents:
 - (i) Form of Acceptance cum Acknowledgement, duly completed and signed in accordance with the instructions contained therein by all Public Shareholders whose name appears on the share certificates.
 - (ii) Original share certificates.

- (iii) Valid transfer forms duly signed by the transferors by all registered Public Shareholders in same order and as per the specimen signatures registered with and duly witnessed at the appropriate place
 - (iv) 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.
 - (v) In case the aforesaid documents have not been tendered but the original share certificates and valid transfer forms, duly signed, have been tendered, the Equity Shares shall be deemed to have been accepted for all resident Public Shareholders.
7. In the event that the number of Equity Shares of the Target Company validly tendered by the Public Shareholders of the Target Company under this Offer is more than the Offer Size, the Acquirer and the PACs shall accept the Equity Shares received from the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer.
 8. When tendering their Equity Shares in the Offer, Public Shareholders may select an option to receive the payment of Offer consideration through electronic means by indicating in the space provided in the Form of Acceptance cum Acknowledgement. The payment consideration for Equity Shares accepted under the Offer, in such cases, may be made through NECS, Direct Credit, RTGS or NEFT, as applicable, at specified centers where clearing houses are managed by the RBI, wherever possible. In other cases, payment of consideration would be made through demand draft / pay order sent by Registered post / speed post. Public Shareholders who opt to receive consideration through electronic means are requested to give the authorization for electronic mode of transfer of funds in the Form of Acceptance cum Acknowledgement, provide the Magnetic Ink Character Recognition / Indian Financial System Code of their bank branch and enclose a cancelled cheque or a photocopy of a cheque associated with the particular bank account, along with the Form of Acceptance cum Acknowledgement. In case of joint holders/unregistered owners, payments will be made in the name of the first holder/unregistered owner.
 9. For the purposes of electronic transfer, in case of Public Shareholders opting for electronic payment of consideration and for the purposes of printing on the demand draft / pay-order for the other cases, the bank account details will be taken directly from the Depositories' database, wherever possible. A Public Shareholder tendering Equity Shares in the Offer is deemed to have given consent to obtain the bank account details from the Depositories for this purpose. Only if the required details cannot be obtained from the Depositories' database will the particulars provided by the Public Shareholders be used.
 10. For Public Shareholders who do not opt for electronic mode of transfer and for those Public Shareholders whose payment consideration is rejected or not credited through NECS, Direct Credit, RTGS or NEFT (as applicable) due to any technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through Speed Post / Registered Post. Such payment consideration will be made by pay orders or demand drafts payable at par at places where the address of the Public Shareholder is registered. It is advised that Public Shareholders provide bank details in the Form of Acceptance cum Acknowledgment, so that the same can be incorporated in the cheque/demand draft/pay order. It will be the responsibility of the tendering Public Shareholders to ensure that correct bank account details are mentioned with the Depositories and in the Form of Acceptance cum Acknowledgment.

11. The Registrar to the Offer will hold in trust the Equity Shares/share certificates, Equity Shares held in credit of the Open Offer Escrow Demat Account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the Public Shareholders of the Target who have accepted the Open Offer, until the drafts / pay order for the consideration or the unaccepted Equity Shares / share certificates are dispatched / returned vide registered post or payment consideration has been made through electronic modes.
12. In case of rejection of Equity Shares tendered for any reason, the unaccepted original share certificates, transfer forms and other documents, if any, will be returned by Registered Post at the Public Shareholder's / unregistered holder's sole risk as per the details provided in the Form of Acceptance cum Acknowledgement. Equity Shares held in dematerialized form, to the extent not accepted, will be returned to the beneficial owner to the credit of the beneficial owner's DP Account with the respective DP as per the details furnished by the beneficial owner(s) in the Form of Acceptance cum Acknowledgement.

Compliance with Tax Requirements

1. General tax requirements

- (a) Section 195(1) of the Income Tax Act provides that any person responsible for paying to a non-resident, any sum chargeable to tax is required to deduct tax at source (including surcharge and cess, if applicable). The consideration received by the non-resident Public Shareholders for Equity Shares accepted in the Open Offer may be chargeable to tax in India either as capital gains under Section 45 of the Income Tax Act or as business profits, depending on the facts and circumstances of the case. The Acquirer is required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on such capital gains/ business profits. In addition, the Acquirer will also be obliged to deduct tax at source on interest, if any, to be made to non-resident Public Shareholders due to delay in payment of Offer consideration.
- (b) Section 194A of the Income Tax Act provides that payment of interest, if any, (for delay in payment of Offer consideration) by Acquirer to a resident Shareholder may be chargeable to tax, as income from other sources under Section 56 of the Income Tax Act. The Acquirer is required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on such interest (paid for delay in payment of Offer consideration or a part thereof).
- (c) Each Shareholder shall certify its (i) tax residency status (i.e. whether resident or non-resident) and (ii) its tax status (i.e. whether individual, firm, company, association of persons/ body of individuals, trust, any other, etc.) by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, taxes shall be deducted assuming the Shareholder as a non-resident and at the rate as may be applicable, under the Income Tax Act, to the relevant category to which the Shareholder belongs, on the entire consideration and interest if any, payable to such Shareholder. Section 90(4) and 90A(4) of the Income Tax Act provide that, any person claiming benefit under any Double Taxation Avoidance Agreement ("DTAA") between India and any other foreign country should furnish the 'Tax Residency Certificate' ("TRC") (containing the specified particulars) provided to him / it by the

Government of that foreign country / specified territory of which he / it claims to be a tax resident, which has been inserted as a mandatory requirement by the Finance Act, 2012.

- (d) The Acquirer will not accept any request from any Shareholder, under any circumstances, for non-deduction of tax at source or deduction of tax at a lower rate, on the basis of any self-computation /computation by any tax consultant, of capital gain and/or interest, if any, and tax payable thereon.
- (e) Securities transaction tax will not be applicable to the Equity Shares accepted in the Open Offer.
- (f) The provisions contained in clause (c) to (e) above are subject to anything contrary contained in Part VIII - Compliance with Tax Requirements - paragraphs 2 to 5 below.
- (g) All references to maximum marginal rate include applicable surcharge and education cess, as may be applicable.

For non-resident Public Shareholders

2. Tax Implications in case of non-resident Public Shareholders (other than Foreign Institutional Investors ("FIIs"))

- (a) For the purpose of remittance of funds on tendering of Equity Shares under the Open Offer, NRIs, OCBs, and other non-resident Public Shareholders (excluding FIIs) will be required to submit a no objection certificate' ("NOC") or a certificate for deduction of tax at a nil/lower rate ("**Certificate for Deduction of Tax at Nil/Lower Rate**") from the income tax authorities under Section 195(3) or Section 197 of the Income Tax Act, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate.
- (b) In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil/Lower Rate, tax will be deducted at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs, on the entire consideration amount payable to the Public Shareholders, by the Acquirer.
- (c) In case of interest payments, if any, by the Acquirer for delay in payment of Offer consideration or a part thereof, if any, the NRIs, OCBs, and other non-resident Public Shareholders (excluding FIIs) will be required to submit a NOC or Certificate for Deduction of Tax at Nil/Lower Rate from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate.
- (d) In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil/Lower Rate, the Acquirer will deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act on the entire amount payable as interest to such Shareholder.

- (e) All NRIs, OCBs and other non-resident Public Shareholders (excluding FIIs) are required to submit a self-attested copy of their PAN card for income tax purposes. In case copy of the PAN card is not submitted or is invalid or does not belong to the Shareholder, Acquirer will deduct tax at the rate of 20% (as provided under section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Shareholder under the Income Tax Act, whichever is higher.
- (f) Any NRIs, OCBs and other non-resident Public Shareholders (excluding FIIs) claiming benefit under any DTAA between India and any other foreign country should furnish the TRC containing the specified particulars (which has been inserted as a mandatory requirement by the Finance Act, 2012) provided to him / it by the Government of that foreign country / specified territory of which it claims to be a tax resident, and a self-declaration stating that it does not have a business connection in India as defined in Explanation 2 to section 9(1)(i) of the Income Tax Act (along with the provisos thereto) or a permanent establishment in India, in terms of the DTAA entered between India and the country of its tax residence. In the absence of such certificates/declarations, the Acquirer will arrange to deduct tax in accordance with the provisions of the Income Tax Act and without having regard to the provisions of any DTAA.

3. Tax Implications in case of FIIs

- (a) Section 196D(2) of the Income Tax Act provide that no deduction of tax at source is required to be made from any income arising to FIIs by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act as defined in Section 115AD of the Income Tax Act. FIIs are required to certify the nature of their holding (i.e. whether held on Capital Account as Investment or on Trade Account) of the Equity Shares in the Target by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. The benefits under Section 196D(2) are applicable in case the Equity Shares are held on Capital Account;
- (b) In the absence of certificates/ declarations as contemplated in clause (a) above (as applicable), notwithstanding anything contained in clause (a) above, the Acquirer shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the entire consideration amount payable to such Shareholder (i.e. FIIs).
- (c) In an event wherein it is certified by the FIIs that Equity Shares held by such FIIs in the Target are held on Trade Account, no deduction of tax at source shall be made if such FIIs furnish a TRC and a self-declaration stating that such FIIs do not have a business connection in India as defined in Explanation 2 to section 9(1)(i) of the Income Tax Act (along with the provisos thereto) or a permanent establishment in India, in terms of the DTAA entered between India and the country of tax residence of such FIIs. In the absence of such certificates/declarations, the Acquirers shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the entire consideration amount payable to such Shareholder (i.e. FIIs).
- (d) Notwithstanding anything contained in clause (a) to (c) above, in case FIIs furnish a NOC or Certificate for Deduction of Tax at Nil/Lower Rate, the Acquirer will arrange

to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate.

- (e) FIIs will be required to submit a NOC or Certificate for Deduction of Tax at Nil/Lower Rate from the income tax authorities under Section 195(3) or Section 197 of the Income Tax Act indicating the amount of tax to be deducted by the Acquirer before remitting the interest payable, if any, by the Acquirer for delay in payment of Offer consideration or a part thereof. The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate.
- (f) In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil/Lower Rate, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs, on the interest payable to such Shareholder.
- (g) All FIIs shall submit a self-attested copy of their PAN for income tax purposes. In case copy of the PAN card is not submitted or is invalid or does not belong to the Shareholder, Acquirer will arrange to deduct tax at the rate of 20% (as provided under section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Shareholder under the Income Tax Act, whichever is higher, on the interest income to be remitted from India, if any.
- (h) FIIs claiming benefit under any DTAA between India and any other foreign country should furnish a TRC provided to it by the Government of that foreign country / specified of which it claims to be a tax resident, which has been inserted as a mandatory requirement by the Finance Act, 2012. In the absence of such TRC, the Acquirer will arrange to deduct tax in accordance with the provisions of the Income Tax Act and without having regard to the provisions of any DTAA.

For Resident Public Shareholders

4. Tax Implications in case of resident Public Shareholders

- (a) Under the Income Tax Act, no tax shall be deductible on the entire consideration (excluding interest) payable to resident Public Shareholders.
- (b) All resident Public Shareholders will be required to submit a NOC or Certificate for Deduction of Tax at Nil/Lower Rate from the income tax authorities under Section 197 of the Income Tax Act, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration for interest payments, if any, by the Acquirer for delay in payment of Offer consideration or a part thereof, if any. The Acquirer will deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate.
- (c) In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil/Lower Rate, the Acquirer will deduct tax at the rates prescribed under section 194A of the Income Tax Act as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act on the consideration payable as interest to such Shareholder.

- (d) All resident Public Shareholders shall submit a self-attested copy of their PAN card for income tax purposes. In case copy of the PAN card is not submitted or is invalid or does not belong to the Shareholder, Acquirer will deduct tax at the rate of 20% (as provided under section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Shareholder under the Income Tax Act, whichever is higher.
- (e) Notwithstanding anything contained in clause (b) to (c) above, no deduction of tax shall be made at source by the Acquirer where (i) the total amount of interest payable, if any, to a resident Shareholder does not exceed INR 5,000 or (ii) where a self-declaration as per Section 197A of the Income Tax Act in Form 15G or Form 15H (as per Rule 29C of the Income Tax Rules, 1962) as may be applicable, has been furnished by a resident Shareholder or (iii) interest being paid, if any, to an entity specified under Section 194A(3)(iii) of the Income Tax Act if it submits a self-attested copy of the relevant registration, or notification along with the Form of Acceptance-cum-Acknowledgement. The self-declaration in Form 15G and Form 15H will not be regarded as valid unless the resident Shareholder has furnished its PAN in such declaration.

5. Others

- (a) Notwithstanding the details given above, all payments will be made to Public Shareholders subject to compliance with prevailing tax laws.
- (b) The tax deducted by the Acquirer while making payment to a Shareholder may not be the final tax liability of such Shareholder and shall in no way discharge the obligation of the Shareholder to appropriately disclose the amounts received by it, pursuant to this Offer, before the income tax authorities.
- (c) Public Shareholders are advised to consult their respective tax advisors for assessing the tax liability, pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take.
- (d) The Acquirer and the Manager do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above.
- (e) The Acquirer shall deduct tax (if required) as per the information provided and representation made by the Public Shareholders. In an event of any income-tax demand (including interest, penalty etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Public Shareholders, such Public Shareholders will be responsible to pay such income-tax demand under the Income Tax Act and provide the Acquirer with all information/documents that may be necessary and co-operate in any proceedings before income tax / appellate authority in India.
- (f) The Acquirer shall issue a certificate in the prescribed form to the Public Shareholders (resident and non-resident) who have been paid the consideration and interest, if any, after deduction of tax, certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of section 203 of the Income Tax Act read with the Income-tax Rules, 1962.

IX. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection by Public Shareholders at the office of the Manager to the Offer at 117, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi – 110 001 on any working day (except Saturdays and Sundays) during the period from the date of commencement of the Tendering Period until the date of expiry of the Tendering Period.

1. Memorandum and Articles of Association and certificate of incorporation of the Acquirer and the PACs.
2. Certificate dated November 12, 2012, from SSPA & Co., Chartered Accountants, having its office at 1st Floor, “Arjun”, Plot No. 6A, V. P. Road, Andheri (W), Mumbai - 400058, certifying that the Acquirer and the PACs have adequate financial resources to fulfill their obligations under this Offer.
3. Annual reports and financial statements of Diageo, DCAP, DFIN and TGCL for the three financial years ending on June 30, 2012, 2011 and 2010.
4. Annual reports of USL for the three financial years ending on March 31, 2012, 2011 and 2010.
5. Letter dated November 12, 2012 from the Open Offer Escrow Agent confirming the receipt of the cash deposit in the Open Offer Escrow Account and a copy of the Bank Guarantee issued by the Open Offer Escrow Agent in favor of the Manager.
6. Preferential Allotment Agreement dated November 9, 2012 entered into between the Acquirer, Diageo and USL.
7. Share Purchase Agreement dated November 9, 2012 entered into between the Acquirer, Diageo and the Sellers.
8. Shareholders’ Agreement dated November 9, 2012 entered into between the Acquirer, Diageo, UBHL and KFIL.
9. Public Announcement submitted to the Stock Exchanges on November 9, 2012.
10. Copy of the Detailed Public Statement published by the Manager to the Offer on behalf of the Acquirer and the PACs on November 20, 2012.
11. Copy of the Offer Opening Public Announcement published by the Manager to the Offer on behalf of the Acquirer and the PACs on [•].
12. Published copy of the recommendation made by the committee of the independent directors of USL.
13. SEBI observation letter no. [•] dated [•] on the Draft Letter of Offer.
14. Open Offer Escrow Agreement dated November 9, 2012 between the Acquirer, the Manager to the Offer and the Open Offer Escrow Agent.

X. DECLARATION BY THE ACQUIRER AND THE PACS

1. The Acquirer and the PACs and their respective directors (as applicable) accept full responsibility for the information contained in the LoF, including the attached Form of Acceptance cum Acknowledgement (other than such information as has been obtained from public sources or provided or confirmed by any of the Sellers or USL or any subsidiaries or entities controlled by USL).
2. The Acquirer and the PACs also accept full responsibility for their obligations under the Offer and shall be jointly and severally liable for ensuring compliance with the SEBI (SAST) Regulations.

SIGNED FOR AND ON BEHALF OF RELAY B.V.

Sd/-

Authorized Signatory

SIGNED FOR AND ON BEHALF OF DIAGEO PLC

Sd/-

Authorized Signatory

SIGNED FOR AND ON BEHALF OF DIAGEO FINANCE PLC

Sd/-

Authorized Signatory

SIGNED FOR AND ON BEHALF OF DIAGEO CAPITAL PLC

Sd/-

Authorized Signatory

SIGNED FOR AND ON BEHALF OF TANQUERAY GORDON AND COMPANY LIMITED

Sd/-

Authorized Signatory

Place: Mumbai

Date: November 27, 2012