

27 May 2022

BSE Limited

Listing Department

Dalal Street, Mumbai - 400 001

Scrip code - 532432

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C/1, G Block,

Bandra-Kurla Complex, Bandra (E)

Mumbai - 400 051

Scrip Code - MCDOWELL-N

Dear Sirs,

Sub: Outcome of the Board Meeting held on 27 May 2022 in relation to the strategic review of selected Popular brands and Disclosure under Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "LODR Regulations")

Pursuant to the announcements dated February 23, 2021, December 27, 2021 and March 29, 2022, concerning the strategic review of selected Popular brands, we would like to inform that the board of directors of United Spirits Limited (the "**Company**") at its meeting held today, *inter alia*, approved: (i) the transfer to Inbrev Beverages Private Limited ("**Inbrev**") of the entire business undertaking associated with 32 brands in the 'Popular' segment (including the related contracts, permits, intellectual property rights, associated employees, and a manufacturing facility) (collectively, the "**Business Undertaking**") by way of a slump sale; and (ii) the grant of a franchise of 11 other brands in the 'Popular' segment in favour of Inbrev for a period of five years, with an option for Inbrev, subject to certain conditions, (a) to convert the fixed term franchise arrangement into a franchise arrangement with perpetual rights to use; and / or (b) to acquire such brands.

The Board also approved the execution of the definitive agreements between the Company and Inbrev regarding the above arrangements, including: (A) a slump sale agreement for the sale and transfer of the Business Undertaking (the "**Slump Sale Agreement**"); (B) a franchise agreement for the grant of franchise of the 11 other brands for a period of five years (the "**Fixed Term Franchise Agreement**"); (C) an option agreement under which Inbrev is granted an option (i) to convert the fixed term franchise to a franchise with perpetual rights to use the franchised brands and / or (ii) to purchase the franchised brands, in each case subject to certain conditions (the "**Option Agreement**"); and (D) certain ancillary agreements in relation to the Slump Sale Agreement, Fixed Term Franchise Agreement and the Option Agreement.

A press release issued by the Company in this regard is enclosed as **Annexure-A**.



The disclosure required under Regulation 30 and other applicable provisions of the LODR Regulations in connection with the Slump Sale Agreement and the Option Agreement is enclosed herewith as **Annexure-B**. It is relevant to note that the Fixed Term Franchise Agreement is in the normal course of the Company's business, and accordingly is not considered material.

This is for your information and records.

Yours faithfully,

For **UNITED SPIRITS LIMITED**

A handwritten signature in blue ink, reading "M. A. Sanghvi". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Mital Sanghvi
Company Secretary

Encl: as above

ANNEXURE-A

USL signs sale and franchise agreements for select Popular brands with Inbrew

Bengaluru, 27 May 2022: Following the strategic review of selected Popular brands of United Spirits Limited (“USL”), announced on 23 February 2021, the Board of Directors of USL today approved the sale and franchising of selected brands to Inbrew Beverages Pvt Limited (“Inbrew”). The transaction does not include the McDowell’s or Director’s Special brands, which will be retained by USL.

USL and Inbrew have executed definitive agreements for the sale of the entire business undertaking associated with 32 brands, including iconic brands Haywards, Old Tavern, White-Mischief, Honey Bee, Green Label and Romanov, for a total cash consideration of approximately INR 8,200 million, subject to customary adjustments. The sale portfolio covers the entire business undertaking associated with the 32 brands set out below, including the related contracts, permits, intellectual property rights, associated employees, and a manufacturing facility. In addition to the above, USL and Inbrew have entered into a 5-year franchise arrangement for 11 other brands, including Bagpiper. USL has also granted Inbrew a right, subject to certain conditions, to convert the fixed term franchise arrangement into one with perpetual rights to use and/or a call option to acquire the brands at a pre-agreed consideration. Certain ancillary agreements, including transitional services arrangements, in relation to the sale of the business undertaking and the franchise and option agreements have been approved to be executed between USL and Inbrew.

Hina Nagarajan, Managing Director & CEO of USL, commented: “The transaction reflects the continued evolution of the management of the Popular portfolio since 2016, when the company moved to a franchise model in many states, to enable a sharpened focus on ‘Prestige & Above’. This is a significant move to reshape our portfolio in service of our publicly stated mission to deliver sustained double digit profitable top-line growth.”

Ravi Deol, Chairman of Inbrew, said: “The acquisition of these iconic brands provides Inbrew with a unique platform to extend its ambition of becoming India’s trusted household beverage company. These brands have delighted consumers over generations, and we are excited at the prospect of strengthening this legacy. Inbrew will revitalise these brands through expanded distribution, innovation and investments. After the acquisition of Molson Coors’ beer business last year, we will now participate in the mainstream spirits category, making Inbrew India’s diverse AlcoBev player.”

The brands / variants covered under the franchise agreement are the subject of a previously disclosed encumbrance. The validity of the encumbrance has been disputed by USL on the basis that the underlying loan has already been fully repaid (together with the accrued interest and all other amounts). Pending the resolution of the ongoing dispute and the release of the existing encumbrance over the franchised brands, the legal title to the franchised brands remains with USL. Following the release of the existing encumbrance over the franchised brands, and subject to the exercise of the call option by Inbrew, the Company will assign ownership of these brands to Inbrew.

The Company expects to complete the transaction by the end of the quarter ending 30 September 2022.

A copy of USL’s announcements to the Stock Exchange relating to the transaction will be available on [Bombay Stock Exchange](#) and [National Stock Exchange](#).

About USL

USL (“Diageo India”) is the country’s leading beverage alcohol company and a subsidiary of global leader Diageo PLC. The company manufactures, sells and distributes an outstanding portfolio of premium brands such as Johnnie Walker, Black Dog, Black & White, VAT 69, Antiquity, Signature, Royal Challenge, McDowell’s No1, Smirnoff and Captain Morgan.

Headquartered in Bengaluru, our wide footprint is supported by a committed team of over 3,300 employees, 49 manufacturing facilities across states and union territories in India, a strong distribution network and a state-of-the-art Technical Centre.

Incorporated in India as United Spirits Limited (USL), the company is listed on both the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. For more information about Diageo India, our people, our brands, and performance, visit us at www.diageoindia.com. Visit Diageo’s global responsible drinking resource, <http://www.DRINKiQ.com>, for information, initiatives, and ways to share best practices.

About Inbrew

Inbrew is founded with the strategic vision of giving India its first integrated, new age beverage platform. We aspire to give consumers a wide range of alcoholic to non-alcoholic beverages through both acquisition and franchising models. A strong blend of local and popular international brands, established distribution networks and state of the art manufacturing facilities, has enabled Inbrew to consistently scale its offerings, reach every corner of the country and delight customers with a wide variety of selections. From a beer-major, the Company is now making big strides in both products and markets to become the first choice of Indian consumers.

USL Contacts

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ANNEXURE: LIST OF BRANDS

BRANDS COVERED BY THE SLUMP SALE AGREEMENT

(in alphabetical order in each case, along with their variants)

1. Amber
2. Black Stallion
3. Bombay Deluxe
4. Derby
5. Diplomat
6. Doctor's Brandy
7. Doctor's Special
8. Doctor's Day and Night
9. Golconda
10. Gold Medal
11. Golden Grape
12. Green Label
13. Haywards
14. Honey Bee
15. John ExShaw/ ExShaw
16. Joie De Franc
17. Kerala Malted
18. Kissan
19. Louis Vernant
20. Louis XI
21. Majestic
22. Men's Choice
23. Men's Club
24. Old Tavern
25. Old Adventurer
26. Regal Crest
27. Romanov
28. VIN
29. White Mischief
30. French VSOP
31. Bonaparte VSOP
32. Tiger

BRANDS COVERED BY FRANCHISE AGREEMENT

(in alphabetical order in each case, along with their variants)

1. Bagpiper
2. Black Riband

3. Blue Riband
4. Carew's
5. Duet
6. Gold Riband
7. Old Cask
8. Red Riband
9. Silk Riband
10. Silver Riband
11. White Riband

ANNEXURE-B

I. Disclosures in relation to the Slump Sale Agreement:

No.	Required Details	Particulars	
		Company (Seller)	Inbrew Beverages Private Limited (Buyer)
1.	Name of the entities entering into the agreement, details in brief such as, size, turnover etc.	<p>United Spirits Limited</p> <p>Consolidated Turnover (during the year ended March 31, 2022): INR 309,998 million</p> <p>Consolidated Net worth (as at March 31, 2022): INR 48,264 million</p>	<p>Inbrew Beverages Private Limited (“Inbrew”)</p> <p>Gross Turnover (as at March 31, 2021): INR 3,411 million</p> <p>Net Turnover (as at March 31, 2021): INR 1,394 million</p> <p>Net worth (as at March 31, 2021): INR 924 million</p>
2.	Area of business of the entities	The Company is engaged in the business of distilling, rectifying and blending of spirits, and production of ethyl alcohol from fermented material.	Inbrew is engaged in the business of brewing, distributing and selling beer.
3.	The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year	<p>Revenue of the Business Undertaking (during the year ended March 31, 2022): INR 59,702 million, representing approximately 19% of the total consolidated revenue of the Company.</p> <p>Net worth of the Business Undertaking (as at March 31, 2022): INR 3,569 million, representing 7% of the consolidated net worth of the Company.</p>	
4.	Date on which the agreement for sale has been entered into	The Slump Sale Agreement has been executed on 27 May 2022.	
5.	The expected date of completion of sale / disposal	The sale / disposal of the Business Undertaking is subject to the approval of the shareholders of the Company and other customary closing conditions (including the Fixed Term Franchise Agreement coming into effect on the closing date). The transaction is expected to be completed by the end of quarter ending September 30, 2022.	
6.	Consideration received from such sale / disposal	The consideration for the sale of the Business Undertaking is INR 8,284.5 million subject to certain	

No.	Required Details	Particulars
		customary adjustments in accordance with the Slump Sale Agreement.
7.	Brief details of the Buyer and whether the Buyer belongs to the promoter / promoter group / group companies. If yes, details thereof to be specified	<p>Inbrew is engaged in the business of brewing, distributing and selling beer under owned brand Thunderbolt and franchise beer brands Miller, Carling and Blue Moon.</p> <p>Inbrew does not belong to the promoter / promoter group / group companies of the Company.</p>
8.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at arms-length basis	No, the transaction is not a related party transaction.
9.	Rationale for the slump sale	<p>The sale of the Business Undertaking is pursuant to a strategic review of selected 'Popular' brands of the Company and is aimed towards achieving long-term profitable growth through premiumization of the Company's portfolio. The transaction reflects the continued evolution of the management of the 'Popular' portfolio since 2016, when the Company moved to a franchise model in many states to enable a sharpened focus on 'Prestige & Above' segment.</p> <p>Subject to the terms of the Slump Sale Agreement, the Business Undertaking to be sold to the Buyer comprises of the following brands and all variants thereof: Amber, Black Stallion, Bombay Deluxe, Derby, Diplomat, Doctor's Brandy, Doctor's Special, Doctor's Day and Night, Golconda, Gold Medal, Golden Grape, Green Label, Haywards, Honey Bee, John ExShaw/ ExShaw, Joie De Franc, Kerala Malted, Kissan, Louis Vernant, Louis XI, Majestic, Men's Choice, Men's Club, Old Tavern, Old Adventurer, Regal Crest, Romanov, VIN, White Mischief, French VSOP, Bonaparte VSOP and Tiger.</p>
10.	Amount of cash consideration	Please see the response to point 6 above.
11.	Brief details of change in shareholding pattern (if any) of the Company	Since the transaction involves a slump sale of business, there shall be no change in the shareholding pattern of the Company.

II. Disclosures in relation to the Option Agreement:

No.	Required Details	Particulars
1.	Name(s) of parties with whom the agreement is entered	The Option Agreement is entered into between the Company and Inbrew.
2.	Purpose of entering into the agreement	<p>Under the Option Agreement, Inbrew shall have an option at any time during the term of the Fixed Term Franchise Agreement (see below) (i) to convert the fixed term franchise to a franchise with perpetual rights to use the franchised brands (the agreement incorporating such perpetual franchise, the “Long Term Franchise Agreement”); and/or (ii) to purchase the franchised brands, in each case subject to certain conditions.</p> <p>Under the Fixed Term Franchise Agreement, the Company has agreed to grant Inbrew, for a period of five years with effect from the date of completion of the slump sale of the Business Undertaking described above, the exclusive right to use the franchised brands comprising Bagpiper, Black Riband, Blue Riband, Carew’s, Duet, Gold Riband, Old Cask, Red Riband, Silk Riband, Silver Riband and White Riband, and all variants thereof for the manufacture, marketing, distribution and sale of the related products.</p>
3.	Size of the agreement	<p>At any time during the term of the Fixed Term Franchise Agreement, Inbrew shall be entitled to convert the fixed-term franchise arrangement into one with perpetual rights to use by executing the Long Term Franchise Agreement, subject to payment of pre-agreed consideration. Assuming that the Long Term Franchise Agreement is executed at the end of five years from the date of commencement of the Fixed Term Franchise Agreement, an amount aggregating to approximately INR 12,930 million will be payable by Inbrew, of which an agreed portion of the amount shall be payable upfront at the time of commencement of the Long Term Franchise Agreement and the balance amount shall be payable as royalty in 20 quarterly instalments.</p> <p>Assuming that Inbrew exercises its option to convert the Fixed Term Franchise Agreement into the Long Term Franchise Agreement and all the royalty instalments under the Long Term Franchise Agreement are duly paid, a balance consideration of INR 378 million will be payable by Inbrew at the time of assignment of the franchised brands by the Company, following the exercise of the option by Inbrew to purchase the franchised brands.</p>
4.	Significant terms of the agreement (in brief)	The franchised brands / variants are the subject of an encumbrance, the validity of which has been disputed

No.	Required Details	Particulars
		<p>by the Company on the basis that the Company has already fully repaid the underlying loan (together with the accrued interest and all other amounts) (Refer note 4(e) in the notes to accounts of the Company's financial statements for the financial year ended March 31, 2022 for additional details). Pending the resolution of the ongoing dispute and the release of the existing encumbrance over the franchised brands, the legal title to the franchised brands will continue to remain with the Company.</p> <p>Subject to the terms of the Option Agreement, Inbrev is entitled to a call option to purchase the franchised brands, which shall be exercisable following the release of the existing encumbrance over such brands during the term of the Fixed Term Franchise Agreement or the Long Term Franchise Agreement.</p> <p>In the event of certain specified adverse actions which result in Inbrev's rights under the Long Term Franchise Agreement being impaired, impacted, prejudiced or restricted for a period of 60 days or more, the Long Term Franchise Agreement and the Option Agreement shall stand terminated and the Company will be required to refund to Inbrev the franchise consideration paid by Inbrev under the Long Term Franchise Agreement, together with an agreed simple interest. In the event of such specified adverse actions occurring during the term of the Fixed Term Franchise Agreement, only the franchise arrangement shall stand terminated and Inbrev shall retain the call option to purchase the franchised brands for a period of five years thereafter.</p>
5.	Whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship	Inbrev is not related to promoter / promoter group / group companies of the Company.
6.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length"	No, the transaction is not a related party transaction.
7.	Any other disclosures related to such agreements, viz., potential conflict of interest arising out of such agreements, etc	N/A