



Date: 12 March 2020

To,
The Board of Directors
Globus Spirits Limited
The Mira Corporate suites
Ishwar Nagar, Mathura Road,
New Delhi - 110065

To,
The Board of Directors
Unibev Limited,
The Mira Corporate suites,
Ishwar Nagar, Mathura Road
New Delhi - 110065

Subject: Recommendation of fair share exchange ratio for the proposed amalgamation of Unibev Limited ('Unibev') with Globus Spirits Limited ('GSL').

Dear Sir,

We refer to the engagement letter and discussions held with the Management of Globus Spirits Limited (hereinafter referred to as 'GSL' or 'transferee company') and Unibev Limited (hereinafter referred to as 'Unibev' or 'transferor company'), wherein the Management of GSL and Unibev has requested N S KUMAR & CO., Chartered Accountants ('NSK', 'we' or 'us') to recommend a fair share exchange ratio for the proposed amalgamation of Unibev with GSL. Hereinafter the proposed amalgamation shall be referred to as 'proposed transaction' and the Management including the Board of Directors of GSL and Unibev, together, shall be referred to as 'the Management'.

Please find enclosed the report (comprising 13 pages) detailing our recommendation of fair share exchange ratio for the proposed amalgamation, methodologies employed, and the assumptions used in our analysis.

This report sets out our scope of work, background, procedures performed by us, source of information and our opinion on the fair share exchange ratio.

BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

Globus Spirits Limited ('GSL') was incorporated on 16 February 1993 and is engaged in the business of manufacturing and sale of Indian Made Indian Liquor (IMIL), Indian Made Foreign Liquor (IMFL), Bulk Alcohol and Franchise Bottling. Equity shares of GSL are listed on both National Stock exchange ('NSE') and Bombay Stock Exchange ('BSE').

Unibev Limited ('Unibev') was incorporated on 08 December 2014 and is an alcohol beverage company with its brands placed in the super premium and premium segments of the Indian Alcohol industry. It is a subsidiary of Globus Spirits Limited.

We understand that the Management of GSL and Unibev are contemplating a scheme to amalgamate Unibev with GSL pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013 or any statutory modifications, re-enactment or amendments thereof for the time being in force ("the Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("the Rules"), as amended from time to time and all other applicable provisions, if any, of the Act and any other applicable law for the time being in force

including the applicable provisions of the SEBI Guidelines and the rules framed therein with respect to the proposed amalgamation and in a manner provided in the Scheme of Amalgamation (hereinafter referred to as 'the Scheme'). As per the Scheme of Amalgamation, the eligible equity shareholders of Unibev shall receive consideration in form of equity shares of GSL in the share exchange ratio as determined by the Board of Directors on the basis of share exchange ratio report prepared by a Chartered Accountant as required under the applicable provisions of the SEBI Guidelines.

In connection with the above-mentioned proposed amalgamation, the Management has appointed N S KUMAR & CO., Chartered Accountants ('NSK') to submit a report recommending a fair share exchange ratio for the proposed amalgamation. We have carried out our valuation analysis to determine the fair share exchange ratio as at the report date ('Valuation Date').

We understand that the proposed appointed date for the amalgamation is 01 April 2019 or such other date as the competent authority may direct or approve.

The scope of our service is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the value of the companies using internationally accepted valuation methodologies as may be applicable to the subject companies being valued and arrive at a share exchange ratio and report on the same in accordance with internationally accepted valuation standards including India Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India (ICAI).

The Managements have informed us that:

- a) There would not be any capital variation in the Companies till the Proposed amalgamation becomes effective without approval of the shareholders and other relevant authorities;
- b) Till the proposed amalgamation becomes effective, neither Companies would declare any dividend which are materially different than those declared in the past few years.
- c) There are no unusual / abnormal events in the Companies since the latest unaudited provisional financials were declared till the Report Date materially impacting their operating / financial performance.

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality and in conjunction with the relevant documents referred to therein.

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SHAREHOLDING PATTERN

a) Globus Spirits Limited ('GSL')

The equity shareholding pattern of GSL as at the report date is set out below:

Category of shareholder	Number of equity shares (Face Value INR 10 each)	Percentage %
Promoter and Promoter Group	1,60,82,120	55.8%
Public	1,27,17,148	44.2%
Total	2,87,99,268	100.0%

b) Unibev Limited ('Unibev')

The equity shareholding pattern of Unibev as at the report date is set out below:

Name of the shareholder	Number of shares (Face Value INR 10 each)	Percentage %
Globus Spirits Limited	67,66,501	97.9%
Vijay Kumar Rekhi	1,42,077	2.1%
Total	69,08,578	100.0%

SOURCES OF INFORMATION

In connection with the valuation exercise, we have used and relied on the following sources of information:

A. Company specific information:

Information provided by the Management which includes:

- Audited financial statements of GSL and Unibev for the year ended 31 March 2019 (FY19);
- Unaudited provisional financial statements of GSL and Unibev for nine months period ended 31 December 2019 ('PE20');
- Latest shareholding pattern of GSL and Unibev as at report date;
- Financial projections of GSL from FY20 to FY26 ('Management Projections') which represent management's best estimate of the future financial performance of GSL;
- Financial projections of Unibev from FY20 to FY24 ('Management Projections') which represent management's best estimate of the future financial performance of Unibev;
- Copy of the draft scheme of amalgamation; and
- Discussions and correspondence with the Management in connection with business operations, past trends, proposed future business plans and prospects etc.;



B. Industry and economy information:

- Information available in public domain and databases such as Moneycontrol, Capitaline, NSE, BSE etc.; and
- Such other information and documents as provided by the Management for the purpose of this engagement

Besides the above listing, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope.

We have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Management. The Management have been provided with the opportunity to review the draft report (excluding the fair share exchange ratio) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided in our final report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to:

- the purpose of valuation agreed as per the terms of this engagement;
- the date of this report;
- realization of cash flow projections as provided by the Management;
- unaudited provisional financial statements of GSL and Unibev for PE20;
- latest shareholding pattern of GSL and Unibev including shares of Unibev held by GSL; and
- data detailed in the section - Sources of Information.

We have been informed that the business activities of the Companies have been carried out in the normal course between 31 December 2019 and the report date and that no material changes have occurred in their respective operations and financial position between 31 December 2019 and the report date.

A value analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular. It is based on information made available to us as of the report date, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.



The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors e.g. Management capability, present and prospective yield on comparable securities, market sentiment etc., which are not evident on the face of the financial statement, but which will strongly influence the value of the company and its securities.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Management till the date of this report and other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of fair value is not a precise science and the conclusions arrived at in many cases, will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single fair value. While we have provided our recommendation of the fair share exchange ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for the determination of the fair share exchange ratio for the proposed amalgamation shall be with the board of directors of the entities forming part of the transaction, who should take into account other factors such as their own assessment of the proposed transaction and input of advisors.

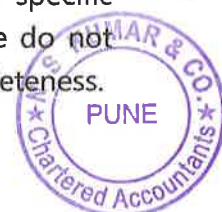
In the course of our analysis, we were provided with both written and verbal information, including market, technical, financial and operating data including information as detailed in the section – Sources of Information by the Management.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of,

- the accuracy of information made available to us by the Management, which formed a substantial basis for this report; and
- the accuracy of information that was publicly available;

We have not carried out a due diligence or audit or review of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the proposed amalgamation. We do not express any form of assurance that the financial information or other information as prepared and provided by the Management is accurate. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.



Our conclusions are based on these assumptions and information given by/ on behalf of the Management. The Management of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our recommendation. Accordingly, we assume no responsibility for any errors in the information furnished by the Management and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Management. However, nothing has come to our attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply, and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Companies complies fully with relevant laws and regulations applicable in all its areas of operations and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.

This report does not look into the business/ commercial reasons behind the transaction nor the likely benefits arising out of the same. Similarly, the report does not address the relative merit of the transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to recommendation of fair share exchange ratio only.

We must emphasize that realization of free cash flow forecast or the realizability of the assets at the values considered in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material. To the extent that our conclusions are based on the forecasts, we express no opinion on achievability of those forecasts. The fact that we have considered the projections in this valuation exercise should not be construed or taken as our being associated with or a party to such projections.

No investigation of the Company's claim to title of assets has been made for the purpose of this report and the Company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts.

Since the latest financial statements of GSL and Unibev as at the Report Date were not available and the management represented that they do not expect significant change in asset and liability position between 31 December 2019 and valuation date, we have considered the balance as at 31 December 2019 for the purpose of our analysis.



We understand that, once the scheme is implemented, all the equity shareholders of Unibev would become equity shareholders of GSL. Currently GSL holds investment in the 97.9% equity shares of Unibev, this investment shall be cancelled upon amalgamation hence no shares would be required to be issued for 97.9% equity shareholding of GSL in Unibev.

We have relied on the Management projections, as prepared and provided to us by the Management. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability of the assumptions underlying the Management Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us during the course of this engagement.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility only to the Board of Directors of GSL and Unibev, who have appointed us, and nobody else.

We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion. In no circumstance shall the liability of NSK exceed the amount as agreed in our Engagement Letter.

This value analysis report is subject to the laws of India.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with relevant filings with the statutory authorities with respect to the proposed amalgamation, without our prior written consent.

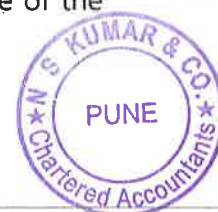
VALUATION APPROACHES

It should be understood that the valuation of any company or business or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to the industry performance and general business and economic conditions, many of which are beyond the control of the company.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The following are commonly used and accepted methods for determining the value of the equity shares of a company:

- Asset Approach – Net Asset Value method



- Market Approach:
 - a) Market Price method
 - b) Comparable Companies/ Comparable Transaction Multiple method
- Income Approach – Discounted cash flow method

We have considered the following commonly used and accepted methods for determining the fair share exchange ratio, to the extent relevant and applicable:

1. Asset Approach - Net Asset Value Method ('NAV')

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This methodology is likely to be appropriate for business which derives value mainly from the underlying value of its assets rather than its earnings. This value analysis approach may also be used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

GSL and Unibev presently operate as a going concern. Currently GSL is profitable and generate surplus cash while Unibev is incurring losses however going forward both the companies are expected to earn profits and generate positive cashflows and are expected to continue to do so for the foreseeable future. NAV does not value the future profit generating ability of the business, we have therefore not used this method to value the Companies.

2. Market Approach

a) Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

Since the equity shares of Unibev are not listed on any stock exchange, we have not used this method to arrive at the equity value of the Company. GSL being listed on both NSE and BSE we have used the market price method to value the equity shares of GSL.

As part of the proposed amalgamation, equity shares of GSL the listed entity will be issued to the shareholders of Unibev as a consideration. SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated 23 March 2017 states that issuance of shares by a listed entity to a select group of shareholders or shareholders of unlisted companies pursuant to the scheme of arrangement/ amalgamation shall follow the pricing provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time prescribes that if the equity shares of the issuer have been listed on a recognized stock exchange for a period of twenty six weeks or



more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

a. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty-six weeks preceding the relevant date; or

b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The price (i.e. INR 170.1 per equity share) at which the proposed issue of equity shares of GSL will be made is higher than the price arrived at using the above prescribed formula.

b) Comparable Companies Multiples ('CCM') / Comparable Transactions Multiples ('CTM') method

Under CCM, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Under CTM, the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

Based on our discussion with the Management we understand that there are no comparable listed company providing similar nature of services and have comparable operating and financial parameters, we have therefore not considered the same for our analysis.

Since there are no comparable transactions involving companies which operate in similar line of business and having similar operating metrics and financial performance as that of the companies involved in proposed transaction, we have therefore not used CTM.

3. Income Approach – Discounted Cash Flow Method ('DCF')

DCF method values a business based upon the available cash flow a prudent investor would expect the subject business to generate over a given period of time. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. Free cash flows are the cash flows



expected to be generated by the company that are available to equity shareholders of the company. The terminal value represents the total value of the available cash flow for all periods subsequent to the forecast period. The terminal value of the business at the end of the forecast period is estimated and discounted to its equivalent present value and added to the present value of the explicit forecast period cash flow to estimate the value of the business.

The projected free cash flows to the firm over the explicit forecast period and terminal value are discounted using the Weighted Average Cost of Capital ('WACC'). The sum of the discounted value of such free cash flows to the firm is the value of the business

Using the DCF analysis involves determining the following:

Estimating future cash flows:

Free cash flows to the firm are the cash flows expected to be generated by the company that are available to equity shareholders and the lenders of the company.

Appropriate discount rate to be applied to cash flows i.e. Cost of equity ('WACC')

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to equity shareholders. The opportunity cost to the equity capital providers equals the rate of return the equity investor expects to earn on other investments of equivalent risk.

To arrive at the total value attributable to the equity shareholders of the business, value arrived through DCF method for the company is adjusted for the value of loans, excess cash, inflow on exercise of options, non-operating assets/ liabilities (e.g. fair value of investments, any contingent liabilities, etc.). The total value for equity shareholders is then divided by the total number of equity shares (on fully diluted basis) to arrive at the value per share of the business. For the purpose of DCF value analysis, the free cash flows are based on projections and other information provided by the Management.

Currently GSL is profitable and generate surplus cash while Unibev is incurring losses however going forward both the companies are expected to earn profits and generate positive cashflows and are expected to continue to do so for the foreseeable future. Given that companies are going concern and have the capabilities to generate profit and positive cashflows in the future we have used DCF method for valuing the equity shares of both the companies.

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RECOMMENDATION OF FAIR SHARE EXCHANGE RATIO FOR THE PROPOSED SCHEME OF AMALGAMATION

The fair exchange ratio has been arrived at on the basis of a relative (and not absolute) equity valuation of the Companies for the proposed amalgamation based on the various methodologies mentioned herein earlier. Suitable rounding off have been carried out wherever necessary to arrive at the fair value/ exchange ratio.

In light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above including scope limitations and assumptions describe in this report and the engagement letter, we recommend the share exchange ratio as follows:

245 equity shares of **GSL** of INR 10 each fully paid up for every **1,000** equity shares of **Unibev** of INR 10 each fully paid up.

Respectfully submitted,

N S KUMAR & CO.
Chartered Accountants
FRN: 139792W

Niranjana Kumar
Proprietor
Membership No.: 121635
UDIN: 20121635AAAABJ6132



Date: 12 March 2020
Place: Pune

Annexure – 1

Valuation Approach	Unibev (A)		GSL (B)	
	Value per share (INR)	Weight	Value per share (INR)	Weight
Asset Approach *	NA	0%	NA	0%
Income Approach	41.6	100%	133.0	50%
Market Approach #	NA	0%	207.2	50%
Relative value per share		41.6		170.1
Share Exchange Ratio Round Off (A/B)				0.245
Recommended Fair Share Exchange Ratio: (For Every 1,000 Equity Shares)				245

NA: Not adopted

* GSL and Unibev presently operate as a going concern and are expected to earn profits and generate positive cashflows for the foreseeable future. NAV does not value the future profit generating ability of the business, we have therefore not used this method to value the Companies.

Since the equity shares of Unibev are not listed on any stock exchange, we have not used the Market approach to arrive at the equity value of Unibev.



Annexure 2

Snapshot of the weekly high and low of the volume weighted average price of GSL equity shares quoted on the recognized stock exchange during the twenty-six weeks preceding the report date:

Week	From date	To date	Week low	Week high	Average
1	12-Sep-19	18-Sep-19	123.70	133.27	128.49
2	19-Sep-19	25-Sep-19	131.91	138.91	135.41
3	26-Sep-19	01-Oct-19	129.33	142.42	135.88
4	03-Oct-19	09-Oct-19	117.96	126.15	122.06
5	10-Oct-19	16-Oct-19	115.77	118.50	117.14
6	17-Oct-19	23-Oct-19	118.06	119.04	118.55
7	24-Oct-19	30-Oct-19	116.72	123.65	120.19
8	31-Oct-19	06-Nov-19	121.32	136.65	128.99
9	07-Nov-19	13-Nov-19	140.07	154.46	147.27
10	14-Nov-19	20-Nov-19	134.75	143.12	138.94
11	21-Nov-19	27-Nov-19	138.91	143.36	141.14
12	28-Nov-19	04-Dec-19	139.78	144.14	141.96
13	05-Dec-19	11-Dec-19	130.82	140.36	135.59
14	12-Dec-19	18-Dec-19	129.48	132.18	130.83
15	19-Dec-19	24-Dec-19	131.06	139.42	135.24
16	26-Dec-19	01-Jan-20	138.85	142.08	140.47
17	02-Jan-20	08-Jan-20	133.45	140.40	136.93
18	09-Jan-20	15-Jan-20	134.01	139.18	136.60
19	16-Jan-20	22-Jan-20	135.13	141.65	138.39
20	23-Jan-20	29-Jan-20	134.23	143.91	139.07
21	30-Jan-20	05-Feb-20	129.39	140.40	134.90
22	06-Feb-20	12-Feb-20	137.87	152.86	145.37
23	13-Feb-20	19-Feb-20	141.75	152.94	147.35
24	20-Feb-20	26-Feb-20	129.35	146.64	138.00
25	27-Feb-20	04-Mar-20	109.78	127.36	118.57
26	05-Mar-20	11-Mar-20	99.58	111.49	105.54

Average of weekly high and low of volume weighted average price of equity shares of GSL quoted on NSE during the 26 weeks preceding the report date **133.0**

Average of weekly high and low of volume weighted average price of equity shares of GSL quoted on NSE during the 2 weeks preceding the report date **112.1**

