



Globus Spirits

REPORT OF AUDIT COMMITTEE OF GLOBUS SPIRITS LIMITED ON SCHEME OF AMALGAMATION IN RELATION TO THE PROPOSED MERGER OF UNIBEV LIMITED (TRANSFEROR COMPANY) WITH GLOBUS SPIRITS LIMITED (TRANSFEREE COMPANY), AT THE MEETING HELD ON 12th MARCH 2020.

1 Background

A meeting of the Audit Committee of Globus Spirits Limited (the "**Company**") was held on 12th March, 2020 to consider and recommend the scheme of amalgamation in relation to the proposed merger of Unibev Limited with Globus Spirits Limited (the "**Scheme**") under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules thereof.

This report of the Audit Committee is made in compliance with the requirement of the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 on scheme of arrangements by listed entities issued by the Securities Exchange and Board of India ("**SEBI**") as amended from time to time ("**SEBI Circular**").

The following documents were placed before the Audit Committee:

1. Draft scheme duly initialed by the Company Secretary of the Company for the purpose of identification;
2. Valuation reports dated 12th March, 2020 prepared by M/s N. S. Kumar & Co., an independent Chartered Accountants firm and Niranjana Kumar (Registered Valuer) setting out the recommended share exchange ratio (the "**Valuation Reports**")
3. Fairness opinion dated 12th March 2020 prepared by Kunvarji Finstock Private Limited, a SEBI registered merchant banker, providing fairness opinion on the share exchange ratio ("**Fairness Opinion**") and
4. A draft certificate from the statutory auditors of the Company, M/s Deloitte Haskins & Sells, Chartered Accountants, ("**Company's Auditors**") confirming that the accounting treatment as specified in the draft scheme is in compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and other generally accepted accounting principles ("**Auditors' Certificate**")

2 Rationale of the proposed Scheme of Arrangement:

The audit Committee noted that the Scheme of Arrangement will inter-alia result in:

- **Consolidation of businesses:** Consolidation of businesses presently being carried on by the Company and Unibev Limited would create greater synergies between the businesses of both companies and would enable them to have access to larger pool of assets and better financial resources, as well as increase the managerial efficiencies mainly because both the companies are in same line of business. The group structure too shall be simplified.

Globus Power

(A Unit of Globus Spirits Limited)

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- **Expansion of business:** Post merger, the Company shall be able to operate in all the three segments of liquor viz. Country Liquor, Indian Made Indian Liquor and Indian Made Foreign Liquor. Further the Company expects to realise benefits of efficiencies, inter alia, through optimum utilisation of resources due to pooling of management, expertise and other resources of the companies and to achieve economies of scale.
- **Optimization of compliances:** Combined entity would be able to effectively optimize the overall administration and statutory compliance.

3 The salient features of the Scheme are as follows:

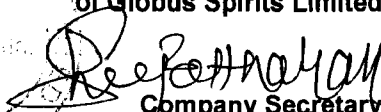
- The "**Appointed Date**" for the Scheme is April 1, 2019 or such other date as may be fixed by the National Company Law Tribunal.
- The "**Effective Date**" means the date or last of the dates on which certified copies of the order of the NCLT sanctioning the scheme are filed by the Company and Unibev Limited with the registrar of companies;
- Based on the Valuation reports dated 12th March 2020 for the purpose of the arrangement as prescribed in Para I(A)(4) of Annexure 1 of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, the following share exchange ratio is proposed in consideration of amalgamation:

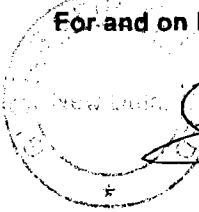
"245 (Two hundred and forty five) fully paid up Equity Share of Re. 10 (Ten) of the Globus Spirits Limited shall be issued and allotted as fully paid up for every 1000 (One Thousand) Equity Share of Re. 10 (Ten) fully paid up held in Unibev Limited"
- Upon the Scheme becoming effective, the equity shares held by the Company in Unibev Limited shall stand cancelled as an integral part of the Scheme and no shares shall be allotted in respect of such equity shares. , as held by GHCL Limited, shall be cancelled and extinguished without any further act, deed or instrument as an integral part of this Scheme.
- The Audit Committee reviewed and noted that –
 - The Fairness Opinion confirmed that the share exchange ratio in the Share Entitlement Report is fair the Company and Unibev Limited and their respective shareholders.
 - Further, the Auditors' Certificate confirmed that the accounting treatment as specified in the Scheme is in accordance with applicable Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013.
 - Draft Scheme will not require approval of public shareholders of the Company in terms of Para I.A.9(a) and Para I.A.9(b) of Annexure 1 of the SEBI Circular and undertaking certified by the Company's Auditors and approved by the Board of Directors of the Company has been noted.
- After independent assessment of the draft Scheme and taking into consideration Valuation Reports, Fairness Opinion and Auditors' Certificate, the members of the Audit Committee formed an opinion that the implementation of the proposed Scheme is in the interest of the Company and its shareholders, creditors and other stakeholders.



4 Recommendation of the Audit Committee

The Audit Committee hereby approves and recommends the draft scheme for favorable consideration by the board of directors, Stock Exchange(s), SEBI and other appropriate authorities.

For and on behalf of Audit Committee
of Globus Spirits Limited

Company Secretary



Place: New Delhi
Dated: 04th April 2020