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Independent Auditor's Review Report on Unaudited Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Inbrev Beverages Private Limited

1. We have reviewed the accompanying statement of unaudited financial results ('the Statement') of Inbrev Beverages Private Limited ('the Company') for the quarter ended 31 December 2022 and the year to date results for the period 1 April 2022 to 31 December 2022, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'). Attention is drawn to the fact that the figures for the corresponding quarter and year-to-date period ended 31 December 2021 have been approved by the Company's Board of Directors, but have not been subjected to audit or review.
2. The Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 52 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandio & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41 Connaught Circus, Outer Circle, New Delhi, 110001, India

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5. Emphasis of Matter paragraph

We draw attention to note 7 to the accompanying unaudited financial results which describes the business acquisition made by the company on 30 September 2022 and its impact on accompanying results. Further, as mentioned in the said note, the management is in process of performing purchase price allocation relating to such business acquisition and pending completion of such exercise within the measurement period allowed under Ind AS 103, the accounting for the said acquisition has been done basis provisional amounts determined by the management as described in the said note, which are subject to further adjustments. Our conclusion is not modified in respect of this matter.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013



Sandeep Mehta

Partner

Membership No. 099410

UDIN 23099410BGYGRJ6964



Place: Chandigarh

Date: 13 February 2023

₹ in millions, except per share data							
Sr. No.	Particulars	Three months ended			Year to date figures for nine months ended		Year ended 31 March 2022 (Audited)
		31 December 2022 (Unaudited)	30 September 2022 (Unaudited)	31 December 2021 (Unaudited) (Refer note 3)	31 December 2022 (Unaudited)	31 December 2021 (Unaudited) (Refer note 3)	
1	Income						
	Revenue from operations	22,609.36	1,074.79	645.39	25,138.91	2,874.36	3,489.43
	Other Income	3.83	3.30	10.56	11.63	33.28	49.40
	Total Income	22,613.19	1,078.09	655.95	25,150.54	2,907.64	3,538.83
2	Expenses						
	Cost of materials consumed	2,617.48	368.16	164.38	3,359.38	583.06	731.81
	Excise duty	18,876.93	527.66	511.42	20,249.14	1,709.22	2,050.16
	Changes in inventories of finished goods and work-in-progress	(23.40)	(1.16)	(24.44)	(43.12)	(10.90)	14.45
	Employee benefits expense	105.71	81.46	60.14	250.50	148.54	207.31
	Finance costs	272.22	15.67	10.16	297.98	31.06	40.13
	Depreciation and amortisation expense	93.24	61.25	51.26	200.00	154.67	205.02
	Other Expenses	716.22	183.58	143.22	1,160.80	406.33	582.69
	Total expenses	22,658.40	1,236.61	916.14	25,474.68	3,021.98	3,831.57
3	Loss before tax	(45.21)	(158.52)	(60.19)	(324.14)	(114.34)	(292.74)
4	Tax expense						
	(i) Current tax	-	-	-	-	-	-
	(ii) Deferred tax change/(credit)	-	-	-	-	-	-
5	Net loss for the period/year	(45.21)	(158.52)	(60.19)	(324.14)	(114.34)	(292.74)
6	Other comprehensive income for the period/year						
	(i) Items that will not be reclassified to profit or loss	0.03	0.69	0.43	1.24	1.28	1.71
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
7	Total other comprehensive income (net of tax)	0.03	0.69	0.43	1.24	1.28	1.71
	Total comprehensive income for the period/year	(45.18)	(157.83)	(59.76)	(322.90)	(113.06)	(291.03)
8	Paid-up equity share capital (face value of ₹ 10 each)	53.38	53.38	37.47	53.38	37.47	37.47
9	Other equity						
	Earnings per share (face value of ₹ 10 each)						
10	(i) Basic	(2.35)	(30.37)	(10.32)	(47.73)	(17.30)	(51.93)
	(ii) Diluted	(2.35)	(30.37)	(10.32)	(47.73)	(17.30)	(51.93)



13/02/23

Notes:

- The Company listed its Non-convertible debt ('NCDs') on BSE Limited ('BSE') with effect from 07 October 2022, consequently, the Company is required to comply with provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (SEBI LODR, 2015), including relevant circulars issued by the SEBI from time to time (SEBI Regulations). As per SEBI Regulations, the Company is required to comply with the regulations 15 to 27 of the SEBI LODR, 2015 within six months period from the date of listing and, explain this in the quarterly compliance report to be filed under regulation 27(2)(a) of SEBI LODR, 2015. The Company has initiated and is in process to complete all requirements of above regulations including appointment of independent directors and constitution of audit committee by board of directors within stipulated time frame under the SEBI Regulations.
- The above unaudited financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 52 of the SEBI LODR, 2015.

The above unaudited results were reviewed by the audit committee and approved by the Board of Directors in their meeting held on 13 February 2023. The unaudited results for the quarter and nine months ended 31 December 2022, have been subjected to limited review by the statutory auditors of the Company.
- The unaudited financial results of the Company for the quarter and nine months ended 31 December 2021 included in these unaudited financial results have not been subject to an audit or a review by the statutory auditors. However, the management has exercised necessary due diligence to ensure that the unaudited financial results for the aforementioned period, provide a fair view of the Company's affairs.
- The Company has issued 12.50% 6,850 Listed, Rated, Secured, Redeemable Non-Convertible Debentures (NCDs) of face value of ₹ 1,000,000 each amounting to ₹6,850 millions on private placement basis for the purpose of acquiring the manufacturing facility, brands and franchisee agreements from United Spirits Limited. These NCDs were listed on BSE Limited on 7 October 2022. These NCDs are secured by way of i) first ranking exclusive charge on all the immovable property of the Company, ii) first ranking exclusive charge by way of hypothecation on all the movable assets including fixed assets, current assets and intangible movable property and iii) the movable and immovable assets acquired from United Spirits Limited. The Company has paid interest due as per the terms of NCD's and no principal repayment is falling due during the quarter ended 31 December 2022. In accordance with the terms of Debenture Trust Deed, the proceeds received have been utilized for acquiring the manufacturing facility, brands and franchisee agreements from United Spirits Limited.

Statement of utilisation of funds:

Name of Issuer	ISIN	Mode of raising fund	Type of instrument	Date of raising fund	Amount raised	Funds utilised	Any deviation (Yes/No)	Remarks, if any
Inbrev Beverages Private Limited	INE696R07018	Private Placement	Non-convertible debentures	29-Sep-22	₹ 6,850.00 millions	₹ 6,850.00 millions	No	

Additional information in reference to debentures:

Particulars	Credit Rating	Principal		Interest	
		Previous date	Next due date	Previous date	Next due date
6850 (12.50%) Secured redeemable non-convertible debentures of ₹ 1,000,000 each	IVR BB/Stable	Not applicable	29-Mar-24	31-Dec-22	31-Jan-23

- The Company is required to create Debenture Redemption Reserve (DRR) for above issued NCDs, out of profits of the Company available to pay dividend, to the extent of 10% on the value of outstanding debentures as specified under section 71 of the Companies Act, 2013 read with rule 18 of The Companies (Share Capital and Debentures) Rules, 2014 (as amended) (hereinafter to be referred as the "Regulations"). The Company has not created the debenture redemption reserve in these unaudited financial results due to inadequacy of profits and will create DRR in future years as per time frame stipulated in the above regulations.
- The Company's primary business segment is reflected based on principal business activities carried on by the Company. Chief Operating Decision Maker ('CODM') evaluates the Company's performance and allocates resources based on analysis of the various performance indicators of the Company as a single unit. Therefore, there are no separate reportable business segments as per Ind AS 108, Operating Segments. The Company operates in one reportable business segment i.e., manufacturing and sale of alcoholic beverages and is primarily operating in India and hence, considered as single geographical segment.
- At the close of 30 September 2022, the Company completed the acquisition of the business undertaking associated with 32 brands and franchise of 11 other brands from United Spirits Limited ('USL') for a total consideration of ₹10,563.86 millions which includes deferred consideration amounting ₹ 2,383.58 millions at fair value. The Company has acquired such brands with an option either to convert the fixed term franchise arrangement with perpetual rights to use or to acquire such brands, subject to certain conditions.

The above acquisition of the business undertaking is being accounted for as a business combination using the acquisition method of accounting as per Ind AS 103 "Business combinations", accordingly, the management is carrying out fair valuation exercise to determine fair value of the assets and liabilities of the business so acquired. IND AS 103 provides a measurement period of 12 months from the date of the acquisition to determine the fair values. Pending the completion of the fair valuation exercise, the Company has accounted for the following assets and liabilities on provisional basis, recording the balance of the consideration and these provisional values as Goodwill of ₹ 5,920.46 millions as of 30 September 2022. Upon completion of the fair valuation exercise, adjustments, if any, will be made to the provisional amounts recognised as above.

Particulars	Provisional fair value as at 30 September 2022 (₹ in millions)
Property plant and equipments	581.55
Right of use assets	15.10
Intangible Assets	13.14
Inventories	1,971.58
Trade receivables	3,159.64
Other current assets	896.26
Trade payables	(302.51)
Provisions	(49.22)
Other financial liabilities (current and non-current)	(71.79)
Other current liabilities	(1,570.35)
Fair value of net assets (provisional)	4,643.40
Less: Purchase consideration (including deferred consideration)	10,563.86
Goodwill (provisional)	5,920.46



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13/02/23



- 8 During the nine months period ended 31 December 2022, the Company has incurred one time cost/ non recurring costs amounting to ₹190.76 millions to acquire manufacturing facility associated with 32 brands and franchisee of 11 other brands from United Spirits Limited ('USL'), issuing non-convertible debentures and other incidental costs.
- 9 Additional disclosure as per Regulation 52(4) and 54(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 for the quarter and nine months ended 31 December 2022

S.No	Particulars	Three months ended			Year to date figures for nine months ended		Year ended
		31 December 2022	30 September 2022	31 December 2021	31 December 2022	31 December 2021	
1	Debt-Equity Ratio (times) (Long-term Borrowings + Short-term Borrowings (including current maturities of long-term borrowings)) / (Total Equity)	2.70	2.66	0.27	2.70	0.27	0.50
2	Debt Service Coverage Ratio (times) (not annualised) (Profit/(Loss) before interest, tax, depreciation, amortisation, provisions created, provisions written back and exceptional items) / (Gross interest for the period + Principal repayments within a year)	0.94	-0.67	-0.46	0.51	0.06	-2.19
3	Interest Service Coverage Ratio (times) (not annualised) (Profit/(Loss) before interest, tax, provisions created, provisions written back and exceptional items) / (Gross interest expense for the period)	0.83	-7.55	-7.13	-0.05	-4.85	-9.27
4	Debenture Redemption Reserve (₹ in millions) (refer note 5 above)	-	-	-	-	-	-
5	Net Worth (₹ in millions) (as per Companies Act, 2013)	2,974.06	3,019.23	1,406.09	2,974.06	1,406.09	1,247.93
6	Current Ratio (times) (Current assets) / (Current liabilities)	2.55	2.23	2.55	2.55	2.55	1.83
7	Long term debt to Working Capital (times) (Long term Borrowings + Current maturities of Long term Borrowings) / (Current Assets - Current liabilities (excluding current maturities of long term borrowings))	1.68	1.69	0.51	1.69	0.51	0.85
8	Bad debts to Accounts receivable ratio (%) (not annualised) (Bad debts + Provision for doubtful debts for the period) / (Trade Receivables for the period)	0.00%	0.54%	-1.48%	0.54%	-4.45%	-7.22%
9	Current liability Ratio (times) (Current liabilities) / (Total liabilities)	0.25	0.29	0.57	0.25	0.57	0.59
10	Total debts to Total Assets (times) (Long term Borrowings + Short term Borrowings) / (Total Assets)	0.53	0.50	0.17	0.53	0.17	0.18
11	Operating margin (%) (Profit/(Loss) before interest, other income, tax, provisions created, provisions written back and exceptional items) / (Revenue from operations)	0.99%	-11.31%	-9.82%	-0.11%	-6.40%	-11.23%
12	Net Profit margin (%) (Net Profit/(Loss) for the period) / (Revenue from operations)	-0.20%	-14.73%	-7.12%	-1.29%	-3.98%	-8.39%
13	Debtors Turnover Ratio (times) (not annualised) (Revenue from operations) / (Average Trade receivables)	6.45	0.56	2.26	13.11	7.68	10.29
14	Inventory Turnover Ratio (times) (not annualised) (Cost of material consumed) / (Average inventory)	8.86	0.70	3.13	17.35	12.39	14.69

Explanatory notes:

(i) Cost of materials consumed for the purpose of Inventory turnover ratio includes Excise duty and changes in inventories of finished goods and work-in-progress.

(ii) There has been significant change in the state of affairs of the Company as on 30 September 2022 pursuant to acquisition as explained in note 7. Accordingly, certain ratios may not be comparable with those of previous periods.

- 10 The figures for the current quarter and nine months period ended 31 December 2022 are not comparable with the figures of previous quarter, corresponding previous quarter and nine months period ended 31 December 2021 pursuant to acquisition of significant business by the Company as on 30 September 2022 as explained in note 7 above.

For and on behalf of Board of Directors of
Inbrev Beverages Private Limited

Laxmi Narasimhan Krishnamurthy
(Managing Director)
DIN No. 02509255

Place: Gurugram
Date: 13 February, 2023

