UNITED SPIRITS

A DIAGEO Group Company

UNITED SPIRITS LIMITED
Registered Office: "UB Tower", No.24, Vittal Mallya Road, Bangalore 560001.
Tel: 080-39856500; Fax: 080-39856862;
Corporate Identity Number: L01551KA1999PLC024991; Website:www.unitedspirits.in e-mail:uslinvestor@unitedspirits.in

NOTICE

Notice is hereby given that an Extraordinary General Meeting of the Equity Shareholders of United Spirits Limited ("Company") will be held on Friday, January 22, 2016 at 4.30 pm at 'The Grand Ballroom', The Capitol Hotel, No. 3, Raj Bhavan Road, Bangalore 560 001 to transact the following item of business:

SPECIAL BUSINESS:

Considering erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT the Report of the Board of Directors of the Company to the shareholders on erosion of more than fifty percent of the Company's peak net worth during the immediately preceding four financial years by its accumulated losses as on March 31, 2015 and the causes for such erosion, as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, ("SICA") be and is hereby considered and approved.

RESOLVED FURTHER THAT in accordance with the requirement of Section 23 of the SICA, the Company shall report to the Board for Industrial and Financial Reconstruction ("BIFR") of the fact that the accumulated losses of the Company as on March 31, 2015 have resulted in erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years.

RESOLVED FURTHER THAT the Board be and is hereby authorised to report the aforesaid erosion to the BIFR and to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient in relation thereto.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director(s) or to any officer(s) of the Company.

By Order of the Board

Place : Bangalore
Date : December 22, 2015

V. Ramachandran
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable. Blank proxy form is enclosed.

   The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for the holding of the Extraordinary General Meeting ("Meeting").

2. Body corporates including corporates and foreign institutional investors are required to deposit certified copies of Board/ Custodial resolutions/Power of Attorney, as the case may be, authorizing the representatives named therein, to attend and vote at the Meeting on its behalf.

3. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business, as set out above is annexed hereto and forms part of this Notice.

4. Members are requested to:
   a) bring their copy of Notice to the Meeting;
   b) bring their Attendance Slip sent herewith, duly filled in;
   c) bring their Folio Number / DP and Client ID; and
   d) avoid being accompanied by non-members and children.

   The Company would accept only the Attendance Slip from a member actually attending the Meeting or from the person attending as a proxy under a valid proxy form registered with the Company not less than 48 hours prior to the Meeting. Attendance Slips of Members/valid proxies not personally present at the Meeting or relating to Proxies which are invalid, will not be accepted from any other member/person.

5. The Company has designated an exclusive email Id viz., uslinvestor@unitedspirits.in to enable the investors to post their grievances and monitor its redressal.

6. Copies of the documents referred to in this notice and explanatory statement are open for inspection at the Registered Office of the Company on all working days of the Company (except Saturdays and Sundays) between 10.00 a.m. and 5.00 p.m. up to January 21, 2016.

7. In compliance with the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administrations) Rules, 2014, the Company is pleased to provide Members with a facility to exercise their right to vote by electronic means and the business may be transacted through Electronic Voting (e-voting) services provided by National Securities Depository Limited ("NSDL") and the E-voting Event Number (EVEN) allotted for the EGM is 103688.

8. December 18, 2015 has been taken as the date for determining the names of shareholders to whom this notice has been sent.

9. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

10. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

11. The instructions for e-voting are as under:

a. Members whose shareholding is in the dematerialised form and whose e-mail addresses are registered with the Company / Depository Participants will receive an email from NSDL informing User ID and Password::

   i. Open e-mail and open PDF file titled "USL E-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password. In case you have already voted earlier through NSDL system you can use the user id and password used earlier.

   ii. Launch internet browser by typing the following URL: https://www.evoting.nsdl.com.

   iii. Click on "Shareholder" – "Login".

   iv. Type your user ID and initial password as mentioned in Step (a) (i) above.

   v. Click Login.

vi. Password change menu appears, change the password with the new password of your choice with minimum of 8 digits / characters or a combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vii. Home page of "e-Voting" opens. Click on "e-Voting" - Active Voting Cycles.

viii. Select "EVEN" of United Spirits Limited. EVEN is 103688

ix. Now you are ready for "e-Voting" as "Cast Vote" page opens.

x. Cast your vote by selecting the appropriate option and click on "Submit" and also "Confirm" when prompted.

xi. Upon confirmation, the message "Vote cast successfully" will be displayed.

xii. Once you have voted on the resolution, you will not be allowed to modify your vote.

xiii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.,) are required to send scanned copy (PDF/JPG format) of the relevant board resolution / authority letter etc., together with an attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer by an e-mail to sudhir.compsec@gmail.com with a copy marked to evoting@nsdl.co.in.

b. For Members whose shareholding is in the Dematerialisation form and whose e-mail address is not registered with the Company / Depository Participants and Members holding shares in Physical form, the above instructions may be noted.

c. Initial password is provided at the bottom of the Attendance Slip for the Meeting: EVEN (e-Voting Event Number) USER ID and PASSWORD;

d. Please follow all steps stated in paragraph 11 (a) above to cast your vote.

12. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com.

13. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot Password" option available on the site to reset the password.

14. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.

15. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

16. The e-voting period commences on January 19, 2016 (9:00 a.m.) and ends on January 21, 2016 (5:00 p.m.). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of January 15, 2016, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

17. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of January 15, 2016. The Physical copy of the Notice has been dispatched to those shareholders who have not provided their email Id's, along with the notice, Attendance Slip and Proxy form. Notice by email has been sent to those shareholders who had provided their email Id's. The Notice, blank Attendance Slip and Proxy form are also uploaded on the website of the Company www.unitedspirits.in from where the same can be downloaded.

18. Mr. Sudhir V Hulyalkar, Company Secretary in Whole Time Practice (CP - 6137; Address: 16/8, Ground Floor, 2nd Cross, Gupta Layout, South End Road (Near South End Circle), Basavanagudi, Bangalore 560 004) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

19. The Scrutinizer shall within a period not exceeding 48 hours from the conclusion of the meeting, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorized by him and the Company will declare the results of the voting forthwith.

20. The Results shall be declared on or after the date of the Meeting. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website - www.unitedspirits.in and on the website of NSDL within 48 hours of passing of the resolutions at the Meeting and communicated to the Stock Exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Considering erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), if the accumulated losses of an industrial company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, such company is required to report the fact of such erosion to the Board for Industrial and Financial Reconstruction ("BIFR") and hold a general meeting of the shareholders of such company for considering such erosion, both within 60 days from the date of finalization of the audited accounts, which is the date on which such accounts are adopted at the annual general meeting of the company. Further, the board of directors of such company is required to forward to every member of the company a report as to such erosion and the causes for such erosion, at least twenty-one days before the date on which the above mentioned general meeting of the shareholders is held.

As per the audited annual accounts of the Company for the financial year ended March 31, 2015, which were approved by the shareholders of the Company at the 16th Annual General Meeting held on November 24, 2015, the accumulated losses of the Company as at March 31, 2015 is eighty six percent of its peak net worth during the four financial years preceding the financial year ended March 31, 2015. A report of the Board of Directors on such erosion and the causes of such erosion is enclosed with this notice.

Accordingly, this extraordinary general meeting is being convened to consider and approve the enclosed report of the Board of Directors on such erosion and its causes, and the measures being taken as per the relevant provisions of SICA, and also to approve the reporting of such erosion to BIFR in terms of Section 23 of SICA.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives are concerned and/or interested, financially or otherwise, in the proposed Resolution.

Your Directors recommend the above resolution for your approval.

By Order of the Board

Place: Bangalore
Date : December 22, 2015

V. Ramachandran
Company Secretary

(Annexure to the Explanatory Statement)

REPORT TO THE MEMBERS OF UNITED SPIRITS LIMITED ON EROSION OF MORE THAN FIFTY PERCENT OF ITS PEAK NET WORTH AND CAUSES THEREOF

United Spirits Limited (the "Company") is a public company engaged in the business of manufacture and sale of alcoholic beverages. The equity shares of the company are listed on BSE Limited and National Stock Exchange of India Limited.

As per the audited annual accounts of the Company for the financial year ended March 31, 2015 (which were approved and adopted at the Sixteenth Annual General Meeting of the Members of the Company held on November 24, 2015), the accumulated losses of the Company as on March 31, 2015 exceeded more than fifty percent of the peak net worth of the Company during the immediately preceding four financial years. The Statutory Auditors of the Company in their report to the Members of the Company (attached to the Annual Report for the financial year ended March 31, 2015) have also mentioned about such erosion.

In terms of the provision of Section 23(1)(a)(ii) read with Section 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), the Company is required, within 60 days of the said Annual General Meeting, to send to its Members a report as to such erosion and the causes for such erosion, for their consideration.

The details of net worth of the Company for the immediately preceding four financial years (i.e. the financial years 2010-11, 2011-12, 2012-13 and 2013-14) are given hereunder:

Computation of Net worth and peak net worth [as defined in section 3(1)(ga) of the Sick Industrial Companies (Special Provisions) Act, 1985]

Rs. In lakhs

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Paid up Share Capital	13,079.500	13,079.500	13,079.500	14,532.770	14,532.770
Reserve & Surplus	497,297.270	574,769.220	626,116.600	288,693.760	179,674.600
Total	510,376.770	587,848.720	639,196.100	303,226.530	194,207.370
Less:					
Revaluation Reserve	-	-	-	-	-
Capital Redemption Reserve	5,784.600	5,784.600	5,784.600	5,784.600	5,784.600
Contingency Reserve	1,100.000	1,100.000	1,100.000	1,100.000	1,100.000
Foreign Currency Translation Reserve	(22,712.440)	24,280.440	47,348.540	93,785.340	102,737.894
Net Worth	526,204.610	556,683.680	584,962.960	280,778.740	84,584.876
Peak Net Worth			584,962.960		
50% of Peak Net Worth	-	-	292,481.480	-	
Accumulated Losses	-	-	-	(307,940.412)	(504,545.15)
% of accumulated Loss				-52.6%	-86.3%

Therefore, the accumulated losses of the Company as on March 31, 2015 (which is Rs.5,045.45 crores) is greater than 50% of the peak net worth in the immediately preceding four financial years (i.e. Rs.5,849.62 crores).

CAUSES FOR EROSION OF MORE THAN FIFTY PER CENT OF PEAK NET WORTH

Though the Company registered an operating profit of Rs 154.26 crores for the financial year ended March 31, 2015, due to certain provisions made by the company inter alia, (i) diminution in the value of long-term investments in subsidiaries and loans and advances to subsidiaries due to low capacity utilization, negative margins, or strategic shift in business (as detailed in note 28 to the Company's audited financial statements for the year ended March 31, 2015); (ii) diminution in the value of investments and advances in overseas subsidiaries (as detailed in note 27(b) to the Company's audited financial statements for the year ended March 31, 2015) (iii) loss on sale of shares in subsidiaries (as detailed in note 7 to the Company's audited financial statements for the year ended March 31, 2015); (iv) provision on advances to United Breweries (Holdings) Limited (as detailed in note 26(b) to the Company's audited financial statements for the year ended March 31, 2015), v) Profit on sale of manufacturing unit (as detailed in note 27(a) to the Company's audited financial statements for the year ended March 31, 2015); vi) Provision for Doubtful debts, advances and deposits (as detailed in note 18 to the Company's audited financial statements for the year ended March 31, 2015) ; and vii) Provision for sales and other taxes (as detailed in note 50 to the Company's audited financial statements for the year ended March 31, 2015); more than fifty percent of the peak net worth of the Company during the immediately preceding four financial years was eroded as at the end of the financial year 2014-15. Full details of the above mentioned provisions have been provided in the annual report of the Company for the financial year ended March 31, 2015, and for reference, a break-up of the amounts so provided for are set out below:

Rs. In lakhs

i)	Diminution in the value of long-term investments in subsidiaries and loans and advances to subsidiaries (ref note 28)	71,616.00
ii)	Diminution in the value of investments and advances in overseas subsidiaries (ref note 27(b))	18,485.20
iii)	Loss on sale of shares in subsidiaries (ref note 7)	1,084.64
iv)	Provision on advances to United Breweries (Holdings) Limited (ref note 26(b))	99,545.97
v)	Profit on sale of manufacturing unit [ref. note 27(a)]	(3565.00)
vi)	Provision for Doubtful debts, advances and deposits	11,340.02
vii)	Provision for sales and other taxes	9732.35
Total		208,239.18

MANAGEMENT'S OBSERVATIONS AND STEPS TAKEN TO IMPROVE FINANCIAL PERFORMANCE

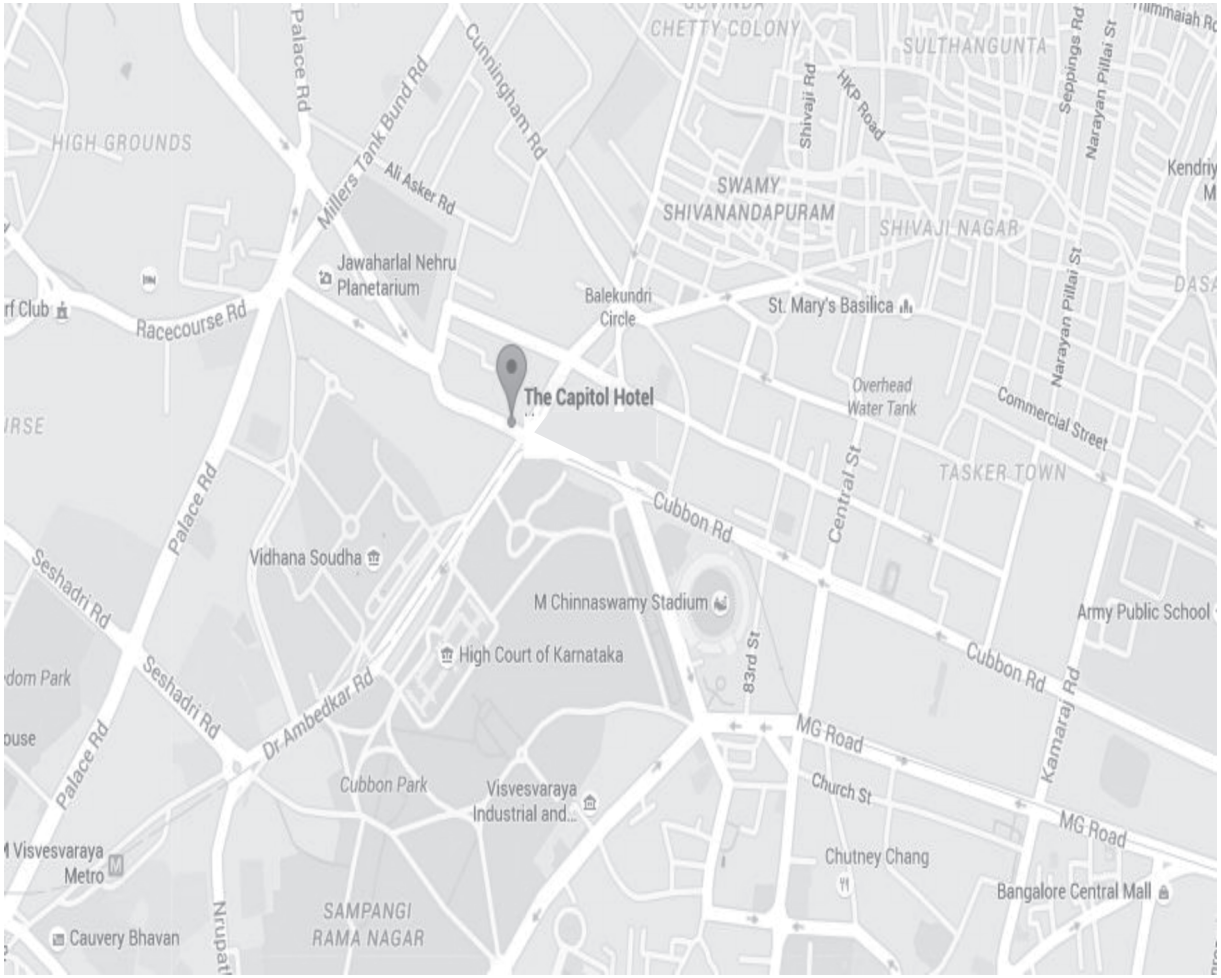
The Company believes that the provisioning mentioned above is mainly due to exceptional factors and does not reflect upon the long term prospects of the Company. Besides, the Company has generated cash profits during the 6 months ended September 30, 2015 immediately after the end of the financial year ended March 31, 2015. The financial results of the Company for the quarter and six months ended September 30, 2015 confirming the above position, were subjected to a Limited Review Report by the Statutory Auditors of the Company and were published in The Business Standard and Kannada Prabha on November 3, 2015 and were also submitted to the Stock Exchanges.

It is pertinent to mention that consequent upon acquisition of controlling interest in the Company by Relay B.V., an indirect wholly owned subsidiary of Diageo Plc, the Board of Directors of the Company has been re-constituted with the induction of various Non-Executive Independent Directors, and also Executive and Non-Executive Nominee Directors of Relay B.V. Further, the Company entered into certain agreements and/or arrangements with certain overseas subsidiary companies of Diageo Plc for manufacture and sale of certain key brands owned by such overseas subsidiaries of Diageo Plc, which was approved by the shareholders earlier this year. These agreements / arrangements allow the Company to gain a diverse, global product portfolio, additional sales revenue and improve the Company's standing in the market. The benefits have been evidenced by our improved profitability declared in the previous two quarters ended June 30, 2015 and September 30, 2015. The improved profitability was seen across the Profit and Loss account in gross margin improvements, productivity in fixed costs as well as interest costs reductions. With regard to sale of certain key brands owned by overseas subsidiaries of Diageo Plc, the performance is in line with the parameters set out at the time of approval by the Shareholders earlier.

The Board of Directors of the Company is in the process of making the Report of such erosion to the Board for Industrial and Financial Reconstruction in the prescribed Form C in compliance with the provisions of Section 23 (1) (a) (i) of SICA. In the meanwhile Members of the Company are requested to note about the fact of such erosion in the peak net worth and causes thereof.

By Order of the Board

Place : Bangalore
Date : December 22, 2015

V. Ramachandran
Company Secretary

Route Map to The Capitol Hotel