

United Spirits Limited
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August 10, 2016

Ref: 17th AGM/14-07-2016

BSE Limited,
(Regular Office & Corporate Relations Dept.)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.
Scrip Code: 532432

National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai - 400 051.
Scrip Code: MCDOWEL-N

Dear Sir/Madam,

Sub: Proceedings of the Seventeenth Annual General Meeting of the Company held on July 14, 2016.

Please find attached the proceedings of the Seventeenth Annual General Meeting of the Company held on July 14, 2016.

Kindly acknowledge receipt and take note of the above on your record.

Thanking you,

Yours faithfully,
for UNITED SPIRITS LIMITED,



V. Ramachandran
Company Secretary

Enclosed: As above

UNITED SPIRITS LIMITED

Regd. Office: UB Tower, #24, Vittal Mallya Road, Bangalore 560 001
Corporate Identity Number: L01551KA1999PLC024991
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PROCEEDINGS OF THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY HELD ON THURSDAY, JULY 14, 2016 AT 4.00 P.M. AT THE CAPITOL HOTEL, NO.3, RAJ BHAVAN ROAD, BANGALORE - 560 001.

Present:	
MR. MAHENDRA KUMAR SHARMA	Chairman & Independent Director and Chairman of the Audit and Risk Management Committee
MR. ANAND KRIPALU	Managing Director and Chief Executive Officer
DR.(MRS) INDU SHAHANI	Independent Director and Chairperson of the Nomination and Remuneration Committee, and Corporate Social Responsibility Committee
MR.VINOD RAO	Non Executive non independent Director
USL BENEFIT TRUST	By their authorised representative Mr. V. Ramachandran.
162	MEMBERS PRESENT IN PERSON AND
4	MEMBERS THROUGH PROXY

In terms of Article 132 of the Articles of Association of United Spirits Limited ('Company' or 'USL'), Mr. Mahendra Kumar Sharma, Chairman, took the Chair and called the Meeting to Order.

Chairman welcomed the Members and introduced the Directors/executives on the dais. The Chairman also updated the Members about the appointment of new director Mr. Vinod Rao on the Board. The Chairman also stated that Dr. Nicholas Bodo Blazquez, Mr. D. Sivanandhan, Mr. Ravi Rajagopal and Mr. Rajeev Gupta, directors of the Company could not attend the meeting owing to prior engagements.

The Chairman mentioned that the Registers viz., auditor's report, secretarial audit report, other registers and documents as per the Statutory Requirements were laid open at the Meeting.

Business update:

- Chairman summarized the events of the past year, the key financials, a brief update on the economic scenario, market situation, threat posed to the Company and some of the key highlights of the previous year (2015-16) and the general outlook.
- He noted that it was a challenging year with regulations becoming more and more complex and the legacy issues and change in management

taking lot of management time and bandwidth. However on the whole there was satisfaction with company's achievement in the year 2015-16.

- Chairman also highlighted the vision for the Company to become the best performing, most trusted and respected consumer goods Company in India. He stressed on the strategic roadmap, founded on five strategic pillars, to steer its future growth trajectory. The following five pillars underpinning the company's growth pointed out by the Chairman are-
 - Strengthening core brands.
 - Evolving the route to the consumer.
 - Driving productivity.
 - Corporate citizenship.
 - Creating a future ready organization.
- Members noted that USL is the largest spirits manufacturing company in India and the second largest (by volume) globally, with a strong portfolio of 140 popular and trusted brands across categories. Chairman also stressed on the fact that India is one of the fastest growing major economy in the world. Four out of the top 5 and 7 out of the top 25 highest selling whiskies are from India and as the world's second most populous nation and fastest growing economy, the opportunity for growth in the Indian spirits market remains highly attractive. Chairman elaborated on the strengths of the company with a strong footprint with access to 82 manufacturing facilities (including Franchise units) spread across 23 states and 3 union territories in India, enabling faster turnaround of products and minimal exposure to risks related to changes in state policy.
- Members noted that the Company's operating profit for the FY 16 went up by 53% from Rs 646 crores in the previous year to Rs 986 crores in the current year. The Company achieved a net profit of Rs 981 crores against a net loss reported last year due to certain exceptional items. Even though the volumes have come down by 1%, the net sales remained on a growth path and increased by 13% mainly due to the premiumisation strategy and integration of Diageo brands with the Company's brands.
- Chairman also pointed out that USL was able to reduce substantially the overall debt which was almost Rs.8,000 plus crores two years back to less than Rs.4,000 crores as of March 2016.
- Significant improvement in overall financial flexibility, corporate governance and compliance framework resulted in Company's improved credit rating.
- Chairman also addressed the issue of change of auditors during the year. He thanked the outgoing auditors for their professional support in the past three years and also spelt out the reasons for the change in auditors to PWC so as to ensure that audit of the Company and that of its holding company was carried by same group of audit firms. He also stated that apart from other benefits there was a duplication of certain audit processes and the efficiency will be sub optimal with two different set of audits being done by the two sets of auditors, one for the Company and the other for

consolidation with holding company accounts. It will also help align with IFRS reporting at Group level for Diageo. Members also noted that this process for change of auditors was also in line with process followed for change of auditors during the year 2013 when USL had appointed BSR/KPMG when KPMG were auditors for Diageo during those years. Now that Diageo has appointed PWC, it helps USL to have PWC as the auditor.

- Members noted that the overall economy appears to be positive for the Company's growth trajectory in spite of the threat of prohibition in certain states. Members noted that as a responsible citizen of the society the Company is promoting responsible drinking and aiding some of the NGOs who are helping in educating the younger population on responsible drinking and helping in de-addiction.
- He concluded his address by touching upon the Strengths, weaknesses, threats and opportunities to the business and also highlighted the steps taken towards Corporate Social Responsibility.

Agenda:

- With the permission of the members present, the Notice convening the Meeting was taken as read.
- a. Since there were qualifications, observations or comments in the Auditor's Report as well as Secretarial Audit Report, the Chairman asked the Company Secretary to read out the relevant qualifications, observations or comments in the Auditor's Report as well as Secretarial Audit Report as required by Section 145 of the Companies Act, 2013 and the Company Secretary read out the relevant qualifications, observations and comments in the Auditor's Report as well as Secretarial Audit Report as required by Section 145 of the Companies Act, 2013.

The Chairman informed the Members that:-

- a. In compliance with the provisions of the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided e-voting facility to the Members of the Company. The e-voting commenced at 9.00 am on July 11, 2016 and ended at 5.00 pm on July 13, 2016. Mr. Sudhir V Hulyalkar, Company Secretary in Practice (CP-6137), was appointed as the Scrutinizer for scrutinizing the e-voting process and the report will be submitted by him after considering the results of voting at this Annual General Meeting ('AGM').
- b. In order to enable those shareholders who did not have access to e-voting facility or who have not exercised their vote through e-voting, opportunity has been given at this AGM for them to vote through the polling paper which has been distributed to the members pursuant to Section 107 to 109 of the Companies Act, 2013 and the rules framed thereunder.
- c. The Chairman also stated that

- (i) As per the Companies Act, passing of resolution by show of hands is not permitted.
- (ii) A member who has voted through e-voting facility is not entitled to vote again at this meeting.
- (iii) The Ballot boxes were kept in the meeting hall and the members could deposit the duly completed polling papers in the respective boxes. At the end of the meeting, the polling papers will be collected for counting the votes.

The Chairman then briefed the members present of the summary of all the Resolutions contained in the Notice as mentioned below:

Item No	Particulars	Type of Resolution
1	Adoption of the Audited Financial Statements (including Consolidated Financial Statements) for the financial year ended March 31, 2016, and the Reports of the Directors and Auditors thereon	Ordinary
2	Appointment of a Director in place of Dr. Nicholas Bodo Blazquez (DIN: 06995779), who retires by rotation and being eligible, offers himself for re-appointment	Ordinary
3	Appointment of Price Waterhouse & Co Chartered Accountants LLP (Registration no. FRN 304026E/ E-300009) as Auditors in place of M/s. B S R & Co. LLP	Ordinary
4	Appointment of Mr. Vinod Rao DIN:01788921) as a Director:	Ordinary
5	Consideration of erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985:	Ordinary

Thereafter, the Chairman took up the items on the Agenda as per the Notice of the Meeting, ad seriatim. The Chairman invited comments from Members for each item of the Agenda.

Following Members recorded their accolades on certain new initiatives brought by the Company and raised certain queries, the gist of which are stated below:

- 1. Mr. K Venugopal Shetty
- 2. Mr. N Ramamurthy
- 3. Mr. K Sadananda Sastry
- 4. Mr. D R Prakash

5. Mr. K Solaippan
6. Ms. Nirmala Lingappaji
7. Mr. K Premananda Hegde
8. Mr. Mukti Nath Sinha
9. Mr. V Manisundaram
10. Mr. Ashok Chakravarthi s
11. Mr. Radhakrishnan k

The queries were answered by the Chairman, CEO and MD and by the CFO.

a. Auditor's Qualification:

The Members sought clarifications on the steps taken to recover its dues from various parties to whom money was advanced and for which provisions were made in the Financial Statements.

b. Settlement Agreement with Dr Mallya:

The Members sought clarifications on the terms of the settlement agreement with Dr Mallya.

c. Suggestion for abridged Profit and Loss Account and Balance Sheet:

The Members suggested that the Company could consider sending abridged Financials from next year to save costs and be environment friendly.

d. Reporting the erosion of net-worth to Board for Industrial and Financial Re-Construction (BIFR):

Members raised the queries regarding requirement for reporting to BIFR when the Company actually made profits during the year.

e. Conversion/Merger of subsidiaries:

Considering the fact that most of the subsidiaries of the Company has incurred loss during the year under review, the Members asked whether the management of the Company was having any plans to merge the subsidiaries with the Company.

f. Non-declaration of Dividend:

The Members requested the Board to evaluate payment of Dividend/Bonus Shares/Rights Issue as soon as it is permitted by law.

g. Suggestion for Diversification:

Considering the fact that most of the states are prohibiting liquor in their respective states, the Members suggested diversification in the product portfolio of the Company in order to sustain in the market.

h. Increase in advertisement expenses:

The Members asked about the need for increase in advertisement spend during the year.

The Chairman after listening to all the aforesaid queries responded to all the queries. Some of the key responses are summarized below.

The accumulated losses reported in the financial statements were due to provisions made in the financial statements for past losses. Once the accumulated losses are wiped out, the Company will aim to declare dividends to its members. The Chairman also mentioned that the Company is not a sick company and reporting about the erosion of the net-worth to the Board for Industrial and Financial Re-construction ("BIFR") is more of a statutory requirement, which has to be complied by the Company and that the company's net worth is positive. He also explained the key terms of the settlement agreement with Dr Mallya and how it was beneficial to USL.

Thereafter, the Chairman appointed Mr Sudhir V Hulyalkar, Company Secretary in Practice as the Scrutinizer for conducting the poll process in a fair and transparent manner and stated that the combined results of the voting (both e-voting and physical voting at this meeting) on all the 5 resolutions would be announced within two days and the results along with the Scrutinizers Report would be placed on the website of the Company and that of Central Depository Services Limited and also the result of the AGM will be intimated to the respective stock exchanges pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on the Scrutinizer's Reports received on both e-voting and poll, the following Ordinary Resolutions were approved by the Members with requisite majority. The result of the e-voting and poll in respect of Item Nos.1 to 5 of the Notice (as per format attached in Annexure I), forms part of the proceedings.

Item No.1 Adoption of Audited Financial Statements (including Consolidated Financial Statements) for the financial year ended March 31, 2016 and the Reports of the Directors and Auditors thereon:

As an Ordinary Resolution:

"RESOLVED that the Audited Financial Statements (including Consolidated Financial Statements) for the financial year ended March 31, 2016 and the Reports of the Directors and Auditors thereon, be and are hereby adopted."

Item No.2 Appointment of Dr. Nicholas Bodo Blazquez (DIN: 06995779) as a Director:

As an Ordinary Resolution:

"RESOLVED that **Dr. Nicholas Bodo Blazquez (DIN 06995779)**, who retires by rotation and being eligible, offers himself for reappointment, be and is hereby appointed as a Director of the Company."

Item No. 3 Appointment of M/s. Price Waterhouse & Co., Chartered Accountants LLP (FRN304026E/ E-300009) as Auditors of the Company in place of M/s. BSR & Co. LLP:

As an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 139, 140, 141, 142 and other applicable provisions of the Companies Act, 2013 and the rules made there under, M/s. Price Waterhouse & Co., Chartered Accountants LLP, (FRN 304026E/ E-300009) as the Auditors of the Company, be appointed to hold office from the conclusion of this meeting until the conclusion of the 22nd AGM of the Company, subject to ratification of the appointment by the members at every AGM in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, and that the Board of Directors be and is hereby authorized to fix such remuneration as may be recommended by the Audit Committee in consultation with the Auditors and that such remuneration may be paid on a progressive billing basis to be agreed upon between the Auditors and the Board of Directors.

Item No.4 Appointment of Mr. Vinod Rao (DIN: 01788921) as a Director:

As an Ordinary Resolution:

RESOLVED THAT Mr. Vinod Rao (DIN: 01788921), who was appointed as an additional director of the Company and whose period of office expires on the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable for retirement by rotation.

Item No.5 Considering erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985:

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, 2016 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 subject to the adoption of the Audited Financial Statements (including Consolidated Financial Statements) for the financial year ended March 31, 2016 by the shareholders of the Company at this Annual General Meeting being held on July 14, 2016.

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, 2016 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.

The combined results of the e-voting and poll were announced on July 15, 2016 at the Registered Office of the Company and the results along with the Scrutinizer's Report were also placed on the website of the Company and that of Central Depository Services Limited.

The Meeting started at 4.00 p.m and ended at 5.30 p.m

**MAHENDRAKUMAR SHARMA,
CHAIRMAN**

Annexure I

RESULTS OF E-VOTING AND POLL AT THE 17th Annual General Meeting held on JULY 14, 2016

The combined results of the voting (both e-voting and physical voting at the meeting) on the following 5 resolutions as per the Scrutinizer's Reports dated July 15, 2016, on e-voting and poll, is as follows:

Item No	Resolutions proposed at the AGM	Votes in favour		Votes against		Invalid votes
		No of Shares	%	No of Shares	%	No of Shares
1	Adoption of Audited Financial Statements (including Consolidated Financial Statements) for the financial year ended March 31, 2016 and the Reports of the Directors and Auditors thereon	9,31,58,126	85.93	1,52,58,059	14.07	7,51,685
2	Appointment of Dr. Nicholas Bodo Blazquez (DIN: 06995779) as a Director	10,77,72,412	98.69	14,25,330	1.31	7,51,685
3	Appointment of Price Waterhouse & Co., Chartered Accountants LLP (FRN304026E/ E-300009) as Auditors of the Company in place of M/s. BSR & Co. LLP	10,89,87,751	99.96	45,124	0.04	7,51,685
4	Appointment of Mr. Vinod Rao (DIN: 01788921) as a Director	10,81,89,916	99.08	10,07,826	0.92	7,51,685
5	Considering erosion of net worth of the Company as per Section 23	10,94,88,757	100	485	0.00	7,51,685

	of the Sick Industrial Companies (Special Provisions) Act, 1985					
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CHAIRMAN