

UNITED SPIRITS

A DIAGEO Group Company

UNITED SPIRITS LIMITED

(Corporate Identity Number: L01551KA1999PLC024991)

Registered Office: "UB Tower", #24, Vittal Mallya Road, Bangalore 560001, India

Telephone No. 91 80 39856500, 22210705, Fax: 91 80 39856862 www.unitedspirits.in

E Mail: uslinvestor@unitedspirits.in

POSTAL BALLOT NOTICE

Notice pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014

Dear Shareholders,

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and other applicable provisions of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force, the following resolution appended is proposed to be passed as special resolution by way of postal ballot.

- As a Special Resolution

To give guarantee and/ or provide security in connection with a loan to be availed by Pioneer Distilleries Limited, a Subsidiary of the Company

To Consider and if thought fit, pass the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and Rules made thereunder and other laws, and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent and approval of the shareholders of the Company be and is hereby accorded to the Company, to give guarantee and/ or provide security in connection with a loan to be availed by Pioneer Distilleries Limited ("PDL"), a Subsidiary of the Company, up to Rs. 100 crores (Rupees One Hundred Crores only) from Standard Chartered Bank or such other bank or banks as the Board may decide from time to time; such loan having a repayment period of maximum of three years at guarantee commission of 0.5% per annum payable by PDL to the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company ("Board") is hereby authorised to do all such acts, matters, deeds and things as the Board may consider necessary, expedient or desirable and to execute the documents, deeds or writings required to be made and to do all acts, deeds and things as it may in its absolute discretion deem necessary, proper or desirable, including to settle any question, difficulty or doubt that may arise in respect of such guarantees/ securities given or provided by the Company as the case may be.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolution to any director or directors or to any committee of directors or any other officer or officers of the Company to give effect to the above resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects".

Place: Bangalore
Date: November 2, 2015

By order of the Board
For United Spirits Limited

V. Ramachandran
Company Secretary

Notes:

1. A copy of this notice together with Postal Ballot Form has been placed on the website of the Company www.unitedspirits.in and shall remain on the website until the last date for receipt of the postal ballots from the shareholders.
2. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 and Rule 22 of the Companies (Management and Administration) Rules, 2014, ("Rules") setting out all material facts in respect of the business specified in this notice and the reasons thereto is annexed hereto. The Special Resolution mentioned herein shall be declared as passed if the number of votes cast in its favour is not less than three times the number of votes cast against the said Special Resolution.
3. The postal ballot form for voting by shareholders is enclosed.
4. In accordance with Rule 22(3) of the Rules, after the postal ballot is dispatched, an advertisement will be published in at least one English language and one vernacular language newspaper circulating in Bangalore.
5. The notice is being sent to all the members of the Company, whose names appear on the register of members/ record of depositories as on November 27, 2015 (being the cut off date).
6. The Board of Directors have, at their meeting held on November 2, 2015, appointed Mr. Sudhir V Hulyalkar, Company Secretary in Practice as the scrutinizer for conducting the postal ballot process in a fair and transparent manner. The scrutinizer's address is 16/8, Ground Floor, 2nd Cross, Gupta Layout, South End Road (Near South End Circle), Basavangudi, Bangalore - 560 004.
7. Members are requested to read carefully the instructions printed on the postal ballot form and either: (a) return the form duly completed in the attached self-addressed pre-paid postage envelope; or (b) vote by electronic means in the manner set out herein, in each case, so as to ensure that votes reach the scrutinizer on or before 5.00 p.m. on the 7th day of January, 2016 ("Last Date").
8. The scrutinizer will submit his report to the Chairman / any of the Director(s) of the Company as soon as possible after the last date of receipt of all postal ballots but not later than 4 days thereof. Upon completion of the scrutiny of the postal ballot votes, the result of the postal ballot will be announced on the 11th day of January, 2016 at the registered office of the Company and by placing it, along with the scrutinizer's report, on the website of the Company at www.unitedspirits.in and will also be communicated to the stock exchanges where the equity shares of the Company are listed. The Special Resolution, if approved, will be taken as passed effectively on the date of declaration of result.
9. The draft agreement/ arrangement proposed to be entered into by PDL with Standard Chartered Bank 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 11.00 a.m. and 5.30 p.m. up to 7th day of January, 2016.
10. In accordance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 22 of the Rules, the Company is pleased to offer an e-voting facility to shareholders, and business connected with this postal ballot may be transacted by the shareholders through such e-voting system. Notice of this meeting has been sent to all shareholders who have registered their email ids with the Company or the Registrar and Transfer Agent/Depository Participants. Necessary arrangements have been made by the Company with National Securities Depository Limited to facilitate e-voting as an alternate to the dispatch of postal ballot forms. E-voting is optional and members shall have the option to vote either through e-voting or through submission of the postal ballot form. Kindly note that the members can opt for only one mode of voting i.e., either by physical ballot or e-voting.
11. Shareholders who wish to vote through a ballot form may download the ballot form from the link (www.evoting.nsdl.com) or seek a duplicate form from Integrated Enterprises (India) Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003, fill in the details and send the same to the scrutinizer or email to bglsta@intergratedindia.in
12. The instructions for e-voting are as under:
 - (i) In the case of shareholders receiving an email from NSDL:
 - (a) Open the email and the attached PDF file titled "USL E-voting.pdf" with your Client ID or Folio No. as password. The pdf file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - (b) Launch an internet browser and type the following URL: <https://www.evoting.nsdl.com>.

- (c) Click on "Shareholder" - "Login".
 - (d) Type in your user ID and initial password as mentioned in Step (a) above.
 - (e) Click Login.
 - (f) When the password change menu appears, change your password to a phrase of your choice with a minimum of 8 digits/characters or a combination thereof. Note the new password. It is strongly recommended that you do not share your password with any other person and take care to keep your password confidential.
 - (g) The home page of "e-Voting" should open thereafter. Click on "e-Voting":- Active Voting Cycles.
 - (h) Select "EVEN" of United Spirits Limited.
 - (i) Now you are ready for "e-Voting" as "Cast Vote" page opens.
 - (j) Cast your vote by selecting the appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (k) Institutional shareholders (i.e. other than individuals, HUF, NRI etc) are also required to send a 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 uslscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.
- (i) In the case of shareholders other than those referred to in paragraph 12 (i) above, your initial password is provided at the bottom of the postal ballot form. Please follow all steps from paragraph (b) to (k) above to cast your vote;
 - (ii) If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote; and
 - (iii) The voting period ends on the close of day (5.00 p.m.) on January 7, 2016. The e-voting module will be disabled for voting thereafter by NSDL.
- 13. The Scrutinizer's decision on the validity of the postal ballot shall be final and binding.
 - 14. Please note that any postal ballot form(s) received after the Last Date (i.e., January 7, 2016) will be treated as not having been received and after the Last Date, the portal where e-votes can be cast will be blocked.
 - 15. If you have any queries, please refer to Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the 'downloads' section of www.evoting.nsdl.com.

**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013 FORMING
PART OF THE NOTICE OF POSTAL BALLOT**

Pioneer Distilleries Limited (PDL), a listed subsidiary in which your Company holds 75% of the paid-up equity share capital, is in the process of seeking loan up to Rs. 100,00,00,000 (Rupees One Hundred Crore Only) from banks in order to enhance the capacity and productivity by undertaking capital expenditure projects and to meet its working capital needs. In order to obtain the funding of Rs. 100,00,00,000 (Rupees One Hundred Crore Only), PDL needs to provide a Corporate Guarantee of United Spirits Limited (USL), its holding Company.

As required by section 186 of the Companies Act, 2013, the Board of Directors of United Spirits Limited, at their meeting held on November 13, 2014 had approved funding of the subsidiaries in general and on November 2, 2015 have specifically approved the decision of providing a Corporate Guarantee at a guarantee commission of 0.5% p.a for an amount of up to Rs. 100,00,00,000 (Rupees One Hundred Crore Only), in favour of Standard Chartered Bank, "Bank" Bangalore (subject to finalisation of documents with Bank(s)), on behalf of Pioneer Distilleries Limited, the said subsidiary of the Company in the format prescribed by the Bank as security for the Financial Assistance of up to Rs. 100,00,00,000 (Rupees One Hundred Crore Only) which may be availed by Pioneer Distilleries Limited from the Bank.

Approval is sought to issue such guarantee and charge Corporate Guarantee Commission of 0.5% p.a. from PDL for guarantee proposed to be extended for three years for the said loan from the said Bank.

Reasons for which the Proposed Transaction requires the approval of the Company's shareholders

In terms of Section 186 of the Companies Act, 2013, shareholders' approval is required by the Company since such guarantee by United Spirits Limited along with the Cumulative Corporate Guarantee, Security, Investment and loans crosses the limit of 60% of the paid-up capital, free reserves and securities premium account or 100% of free reserves and securities premium account, whichever is more.

Reasons for providing Guarantee to PDL

The guarantee to PDL is required to be provided for the following reasons.

1. Synergy between the Company (USL) and PDL

There is unique synergy between USL and PDL which benefits USL as well as PDL. PDL has the infrastructure and capability to produce finest quality of ENA. USL has the expertise and has extended its technical support to achieve the same for PDL. USL has robust growth trend and require additional quantity of ENA every year. USL and its Associate Units (TMUs) are buying entire ENA produced in PDL. In fact, PDL has the capacity to contribute to 20% of the ENA requirement of USL in the states of Maharashtra and Karnataka. Further, PDL has also got state of the art bottling plant to produce Indian Made Foreign Liquor (IMFL). As a part of the arrangement between PDL and USL, PDL is producing USL brands in its bottling facility and selling the same to USL. USL's proposed guarantee for term loan to be taken by PDL will help PDL secure funding and meet capital expenditure and working capital needs to run its plant efficiently. This in turn will ensure security of supply of ENA and IMFL for USL. Also, benefits accruing to PDL due to funding support will flow back to USL as PDL is a 75% subsidiary of USL. PDL has not defaulted in its loan repayment to the banks and hence there is reasonable assurance of future repayment by PDL to the Bank. Hence, the provision of the Guarantee is mutually beneficial for both the companies. Since PDL is currently referred to Board for Industrial and Financial Reconstruction (BIFR) due to erosion of its net worth, the Guarantee will also enable the company to meet its funding requirements and will improve its operational and financial position. The financials of PDL are available on its website at <http://pioneerdistilleries.com/financialresults.php> and Annual Report on its website at <http://pioneerdistilleries.com/InvestorRelations/AnnualReport-2014-15.pdf>.

2. In addition, due to the recent restrictions that have been introduced under Section 185 of the Companies Act, 2013 the Company cannot provide any loans to PDL. As a result, the only option left is to provide guarantee for a borrowing by PDL from a Bank.

None of the directors and key managerial personnel of the Company are concerned or interested in the resolution and the Board recommends the same.

Place: Bangalore
Date: November 2, 2015

By order of the Board
For United Spirits Limited

V. Ramachandran
Company Secretary

Encl.:

1. Postal ballot form
2. Self-addressed and prepaid postage envelope