



UNITED SPIRITS LIMITED

(Corporate Identity Number: L01551KA1999PLC024991)

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

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NOTICE

Notice is hereby given that an Extraordinary General Meeting of the Equity Shareholders of United Spirits Limited ("Company") will be held on **Friday, November 28, 2014 at 3.30 pm at 'The Senate', The Capitol, No. 3 Raj Bhavan Road, Bangalore – 560 001** to transact the following items of business:

SPECIAL BUSINESS:

1. 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, 2014 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, 2014 have resulted in an 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.

2. Approval of sales promotion services agreement dated October 1, 2013, between the Company and Diageo India Private Limited, which may qualify as an existing material related party transaction entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the sales promotion services agreement dated October 1, 2013 entered into by the Company with Diageo India Private Limited be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

3. Approval of loan agreement dated July 3, 2013, between the Company and United Breweries (Holdings) Limited, which may qualify as an existing material related party transaction entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of

India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the loan agreement dated July 3, 2013 entered into by the Company with United Breweries (Holdings) Limited be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

4. Approval of trademark licence agreement dated June 29, 2013, between the Company and United Breweries (Holdings) Limited, which may qualify as an existing material related party transaction entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the trademark licence agreement dated June 29, 2013 entered into by the Company with United Breweries (Holdings) Limited be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

5. Approval of agreements dated September 30, 2011 and December 22, 2011 respectively, between the Company and United Breweries (Holdings) Limited requiring United Breweries (Holdings) Limited to sell to the Company certain immovable properties, which may qualify as existing material related party transactions entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the agreements entered into by the Company with United Breweries (Holdings) Limited dated September 30, 2011 and December 22, 2011 respectively requiring United Breweries (Holdings) Limited to sell to the Company certain immovable properties be and are hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

6. Approval of services agreement dated July 3, 2013, between the Company and Kingfisher Finvest India Limited, which may qualify as an existing material related party transaction entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the services agreement dated July 3, 2013 entered into by the Company with Kingfisher Finvest India Limited be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

7. Approval of advertising agreement dated October 1, 2013 (which amended and restated the original agreement dated July 3, 2013) between the Company and Watson Limited, which may qualify as an existing material related party transaction entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the advertising agreement dated October 1, 2013 (which amended and restated the original agreement dated July 3, 2013) entered into by the Company with Watson Limited be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

8. Approval of sponsorship agreement dated June 11, 2013 between the Company and United Racing & Bloodstock Breeders Limited, which may qualify as an existing material related party transaction entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the sponsorship agreement dated June 11, 2013 entered into by the Company with United Racing & Bloodstock Breeders Limited be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

9. Approval of sponsorship agreement dated June 11, 2013 between the Company and United Mohun Bagan Football Team Private Limited, which may qualify as an existing material related party transaction entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the sponsorship agreement dated June 11, 2013 entered into by the Company with United Mohun Bagan Football Team Private Limited be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

10. Approval of aircraft services agreement dated June 11, 2013 between the Company and UB Air Private Limited, which may qualify as an existing material related party transaction entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the aircraft services agreement dated June 11, 2013 entered into by the Company with UB Air Private Limited be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

11. Approval of properties call agreement dated June 11, 2013 between the Company and PE Data Centre Resources Private Limited, which may qualify as an existing material related party transaction entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the properties call agreement dated June 11, 2013 entered into by the Company with PE Data Centre Resources Private Limited be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

12. Approval of contribution agreement dated June 11, 2013 between the Company and Vittal Mallya Scientific Research Foundation, which may qualify as an existing material related party transaction entered into by the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT in compliance with and subject to the provisions of the Companies Act, 2013 and the rules framed thereunder, the equity listing agreements entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited, and any relevant circulars and regulations issued by the Securities and Exchange Board of India (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), as may be applicable, the contribution agreement dated June 11, 2013 entered into by the Company with Vittal Mallya Scientific Research Foundation be and is hereby approved.

RESOLVED FURTHER THAT the Board is hereby authorised to do, perform, or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

RESOLVED FURTHER THAT the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions 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 aforesaid resolutions.

By Order of the Board

Place : Bangalore
Date : October 31, 2014

V.S. Venkataraman
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 corporate and foreign institutional investor equity shareholder(s) would be required to deposit certified copies of Board/Custodial resolutions/Power of Attorney in original, as the case may be, authorizing the individuals 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. Corporate members are required to send to the Company a certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Meeting.
6. MEMBERS MAY KINDLY NOTE THAT NO GIFTS SHALL BE DISTRIBUTED AT THE MEETING.
7. The Company has designated an exclusive email Id viz., uslinvestor@unitedspirits.in to enable the investors to post their grievances and monitor its redressal.
8. 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 11.00 a.m. and 4.00 p.m. up to November 27, 2014.
9. In compliance with the provisions of Clause 35B of the Listing Agreement 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 to Members with a facility to exercise their right to vote at the Meeting by electronic means and the business may be transacted through Electronic Voting (e-voting) services provided by National Securities Depository Limited ("**NSDL**").
10. The instructions for e-voting are as under:
 - (i) 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:
 - (a) 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.
 - (b) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - (c) Click on "Shareholder" – "Login".
 - (d) Type your user ID and initial password as mentioned in Step (a) above.
 - (e) Click Login.
 - (f) 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.

- (g) Home page of “e-Voting” opens. 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) Upon confirmation, the message “Vote cast successfully” will be displayed.
 - (l) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (m) 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.
- (ii) 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 following instructions may be noted:
- I. Initial password is provided at the bottom of the Attendance Slip for the Meeting: EVEN (e-Voting Event Number) USER ID and PASSWORD;
 - II. Please follow all steps from paragraph (b) to (m) above to cast your vote.
11. 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.
12. 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.
13. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
14. 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).
15. The e-voting period commences on November 22, 2014 (9:00 a.m.) and ends on November 24, 2014 (6:00 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 October 24, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
16. 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 October 24, 2014.
17. 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), Basavangudi, Bangalore 560 004) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
18. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
19. 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 two (2) days 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

Item No.1 – 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 Restructuring (“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, 2014, which were approved by the shareholders of the Company at the 15th Annual General Meeting held on September 30, 2014, the accumulated losses of the Company as at March 31, 2014 is fifty two percent of its peak net worth during the four financial years preceding the financial year ended March 31, 2014. 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 relatives are concerned and/or interested in the proposed Resolution.

Your Directors recommend the above resolution for your approval.

Item Nos.2 to 12 – Approval of certain transactions which may qualify as existing material related party transactions entered into by the Company

Requirement of approval of existing material related party transactions

In terms of Clause 49(VII) the equity listing agreements (“Listing Agreement”) entered into by the Company with BSE Limited, the National Stock Exchange of India Limited and Bangalore Stock Exchange Limited and applicable circulars issued by the Securities and Exchange Board of India (“SEBI”) (including circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 (“April 17 Circular”) and circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 (“September 15 Circular”), any material related party transaction requires the approval of the shareholders of the Company by way of a special resolution.

An entity will be a “related party” of the company in terms of the Listing Agreement if it falls within the definition of “related party” either under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards. Further, a transaction with a related party shall be considered “material” if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of a company as per the last audited financial statements of the company.

The April 17 Circular further provides that all existing material related party contracts or arrangements as on the date of that circular (i.e. April 17, 2014) which are likely to continue beyond March 31, 2015, shall be placed for approval of the shareholders of the Company in the first general meeting of the Company held subsequent to October 1, 2014. Since the Company is required under SICA to hold a general meeting within 60 days from the date of finalization of the audited accounts to consider the erosion of its net worth (Item No. 1 of this Notice), such meeting would be the first general meeting of the Company to be held subsequent to October 1, 2014.

Accordingly, in order to comply with the requirement under the April 17 Circular, approval of the shareholders of the Company by way of special resolution is being sought for the agreements listed in Item Nos. 2 to 12 of this Notice which the Company had previously entered into with certain entities which could potentially be considered as related parties of the Company prior to April 17, 2014, which are valid and subsisting as on the date of this notice, and are likely to continue beyond March 31, 2015.

As set out in more detail below, each of the transactions in Item Nos. 2 to 12 of this Notice has been duly approved by the Board of Directors at the relevant time prior to the Company entering into the agreement corresponding to such transaction. The terms of these agreements are legally binding on the Company and the respective counterparties, and have been already acted upon by the parties to the respective agreements. Further, all of the agreements in Item Nos. 2 to 4 and in Items 6 to 12 have been reviewed independently and confirmed to be on arm’s length basis and reasonable, except for certain comments in connection with the interest rate payable to the Company under the Loan Agreement with United Breweries (Holdings) Limited (Item No. 3 of this Notice), the position in relation to which is currently being reviewed by the management of the Company, as previously disclosed in the annual report of the Company for the financial year ended March 31, 2014. The Agreements with UBHL requiring UBHL to sell certain immovable properties to the Company (Item No. 5 in this Notice) have also been entered into on an arm’s length basis.

The provisions dealing with existing material related party contracts and arrangements under the April 17 Circular (read with Clause 49(VII) of the Listing Agreement, as amended by the September 15 Circular) are not entirely clear in relation to the manner in which a determination is to be made as to which existing contracts or arrangements would qualify as material related party transactions requiring shareholder approval. Further, the manner of determining and applying the materiality threshold and also the aggregation requirements, if any, which apply in connection with contracts or arrangements entered into by a company with different related parties are also not clear. Since these provisions are relatively new, there is as yet no established practice or detailed guidance in this regard.

Further, while the April 17 Circular mandates that all existing material related party transactions should be placed before the shareholders for their approval by way of a special resolution, thus far, the consequences of any potential non-approval of such existing binding transactions by the shareholders by the requisite majority is also unclear. It is therefore possible that non-approval of one or more of the existing agreements in Item Nos. 2 to 12 of this Notice by the requisite majority may result in the Company being required to cease to act upon and potentially put the Company in breach of binding provisions of such agreements which are the subject of retrospective non-approval by the shareholders. This could potentially result in a dispute with the relevant counterparties who may contend that the Company has breached the relevant agreement by failing to act on or fulfill its obligations under, the same. Such potential disputes could be protracted and costly, and could result in financial or other liabilities on the Company. Also, any inability on the part of the Company to act on or fulfill its obligations under the unapproved agreements could result in the Company being potentially unable to have the benefit of the various rights that it is currently entitled to under such agreements. For example, as detailed below, under the Sales Promotion Services Agreement with Diageo India Private Limited (Item No. 2 in this Notice), the Company is entitled to receive commission based on the net sales value achieved. In the event that this agreement is not approved, the Company may potentially need to forego such commission, which is an existing source of profitable revenue for the Company. By way of another example, under the Agreements with UBHL requiring UBHL to sell certain immovable properties to the Company (Item No. 5 in this Notice), the Company has already paid to UBHL the full consideration for the purchase of the properties. In the event that this agreement is not approved, the Company may potentially no longer be in a position to acquire title to these properties from UBHL.

Members are also requested to note that, in the absence of sufficient clarity in respect of the provisions dealing with existing material related party contracts and arrangements, the Company is tabling the Resolutions at Item Nos. 2 to 12 of this Notice for the approval of the shareholders by way of abundant caution. Also, the Company is still in the process of seeking confirmations from, and verifying the position in relation to, the counterparties to the agreements in Item Nos. 7 to 12 as to whether or not they are related parties of the Company. Given the immediate regulatory deadline to convene a general meeting (which, as explained above, has arisen as a result of the provisions of Section 23 of SICA), in the interest of time, the Company is seeking the approval of the shareholders in respect of all of such agreements, though it is presently not clear whether the counterparties to such agreements are indeed related parties of the Company for the purpose of Clause 49(VII) of the Listing Agreement. However, to the extent it ultimately transpires that all or any of the agreements mentioned in Item Nos. 2 to 12 of this Notice do not qualify as existing material related party contracts or arrangements, or the counterparties to all or any of these agreements do not qualify as related parties of the Company, such that approval of the shareholders of the Company is not required under the April 17 Circular in respect of any of these contracts or arrangements then, in that case, it shall follow that there will be no consequences on such contracts or arrangements or on their validity or on any act or omission that may have been committed or omitted pursuant thereto, by reason of the shareholders having approved or not approved any of such contracts or arrangements.

In accordance with the Listing Agreement (as amended by the September 15 Circular), all entities falling under the definition of related parties are required to abstain from voting irrespective of whether the entity is a party to the particular transaction or not. Accordingly, all shareholders of the Company who are (or could potentially be considered as) related parties of the Company as per the Listing Agreement including: (i) all the promoters of the Company, comprising Relay B.V. (holding 54.78% of the issued share capital of the Company) and UBHL, Kingfisher Finvest India Limited and others (holding in aggregate 4.09% of the Issued Share Capital of the Company) and (ii) USL Benefit Trust (holding 2.38% of the issued share capital of the Company) are required to abstain from voting on all the resolutions at Item Nos. 2 to 12.

- (i) Sales promotion services agreement, with Diageo India Private Limited (“DIPL”) (“Sales Promotion Services Agreement”), dated October 1, 2013

In terms of the Sales Promotion Services Agreement, the Company has agreed to provide certain sales promotion services to DIPL in relation to certain products in consideration for commission payable to the Company based on the net sales value achieved. The Board of Directors had approved the Company entering into this transaction on July 31, 2013, and the Sales Promotion Services Agreement was executed on October 1, 2013.

Term: Existing and due to remain in force until September 30, 2015.

Related Party: Since both the Company and DIPL are ultimate subsidiaries of Diageo plc, DIPL falls within the definition of “related party” of the Company under Section 2(76)(viii)(B) of the Companies Act, 2013. Further, DIPL is an entity having significant influence over the Company, and therefore also falls within the definition of “related party” of the Company under Accounting Standard (AS) 18 (Related Party Disclosures) (“AS 18”).

Materiality: For the financial year ending March 31, 2014, the Company received a commission of Rs. 16.40 crores from DIPL. While the commission for the financial year ending March 31, 2014 does not exceed the materiality threshold of 10% of the annual consolidated turnover of the Company for such year, since the commission payable to the Company under this agreement is based on the net sales value achieved as per the audited financial statements, it is not possible to ascertain whether the commission payable by DIPL to the Company in the future under this agreement will exceed the specified materiality threshold.

- (ii) Loan agreement with United Breweries (Holdings) Limited (“UBHL”) (“**Loan Agreement**”), dated July 3, 2013

In terms of the Loan Agreement, various pre-existing loans / advances / deposits (together with interest) which the Company and its subsidiaries had due from UBHL, were consolidated into an unsecured loan aggregating to Rs. 1,337.42 crores. The Board of Directors had approved the Company entering into this transaction on October 11, 2012, and the Loan Agreement was executed on July 3, 2013. For the avoidance of doubt, there are no further loans or advances to be made by the Company to UBHL under the Loan Agreement; UBHL is required to pay the applicable interest and repay the principal amount to the Company, all in accordance with the Loan Agreement.

Term: Existing and due to remain in force until July 4, 2021.

Related Party: Since Dr. Vijay Mallya, who is a director of the Company, is also a director of UBHL and holds more than 2% of the paid-up share capital of UBHL, UBHL falls within the definition of a “related party” of the Company under Section 2(76)(v) of the Companies Act, 2013.

Materiality: The total principal amount to be repaid by UBHL to the Company under the Loan Agreement, together with the interest amount, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

- (iii) Trademark licence agreement with UBHL (“**Trademark Licence Agreement**”), dated June 29, 2013

In terms of the Trademark Licence Agreement, UBHL had granted to the Company a licence to use the Pegasus logo in consideration for the Company paying certain license fees. The Board of Directors had approved the Company entering into this transaction on October 11, 2012, and the Trademark Licence Agreement was executed on June 29, 2013.

Term: Existing and due to remain in force until June 29, 2023.

Related Party: Since Dr. Vijay Mallya, who is a director of the Company, is also a director of UBHL and holds more than 2% of the paid-up share capital of UBHL, UBHL falls within the definition of a “related party” of the Company under Section 2(76)(v) of the Companies Act, 2013.

Materiality: The total license fee of Rs. 250 crores paid upfront and a total of Rs. 263 crores payable over the entire term by the Company to UBHL as per the terms of the Trademark Licence Agreement, if required to be aggregated with the amounts under other agreements involving UBHL and other relevant related parties, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

- (iv) Agreements with UBHL requiring UBHL to sell certain immovable properties to the Company (“**Property Sale Agreements**”), dated September 30, 2011 and December 22, 2011 respectively

In terms of the Property Sale Agreements, UBHL had agreed to sell, grant, convey, transfer, assign to the Company all their right, title, interest and ownership in certain properties, being the proportionate land and office space in 9th Floor of Canberra Tower in UB City, Bangalore, in consideration for the Company paying an aggregate sale price of Rs. 33.14 crores. The Board of Directors had approved the Company entering into this transaction on September 30, 2010, and the Property Sale Agreements were executed on September 30, 2011 and December 22, 2011 respectively. For the avoidance of doubt, the Company has already paid to UBHL the full consideration payable under the Property Sale Agreements, and UBHL is required to transfer the title of the properties to the Company.

Term: There is no specified term of the Property Sale Agreements.

Related Party: Since Dr. Vijay Mallya, who is a director of the Company, is also a director of UBHL and holds more than 2% of the paid-up share capital of UBHL, UBHL falls within the definition of a “related party” of the Company under Section 2(76)(v) of the Companies Act, 2013.

Materiality: The aggregate sale price of Rs. 33.14 crores paid by the Company to UBHL as per the terms of the Property Sale Agreements, if required to be aggregated with the amounts under other agreements involving UBHL and other relevant related parties, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

- (v) Services agreement, with Kingfisher Finvest India Limited (“KFIL”) (“**Services Agreement**”), dated July 3, 2013

In terms of the Services Agreement, KFIL has agreed to provide certain property maintenance services to the Company in consideration for certain fees. The Board of Directors had approved the Company entering into this transaction on October 11, 2012, and the Services Agreement was executed on July 3, 2013.

Term: There is no specified term of the Services Agreement, it will continue to be in force till the time Dr. Vijay Mallya is non-executive director and Chairman of the Company.

Related Party: KFIL is a wholly owned subsidiary of UBHL, the latter being a related party of the Company. Though KFIL may not strictly fall within the definition of “related party” under the Listing Agreement, in view of the above and in abundance of caution, KFIL is being treated as a related party of the Company for the limited purpose of the resolution in Item No.6.

Materiality: The consideration of Rs. 17 crores payable by the Company to KFIL in each financial year in terms of the Services Agreement, if required to be aggregated with the amounts under other agreements involving other relevant related parties, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

- (vi) Advertising agreement in respect of FORCE INDIA, with Watson Limited (“Watson”) (“Watson Advertising Agreement”), dated October 1, 2013 (which amended and restated the original agreement dated July 3, 2013)

In terms of the Watson Advertising Agreement, Watson has granted certain advertising rights to the Company in relation to the Formula One motor racing team in consideration for the Company paying certain advertising fees. The Board of Directors had approved the Company entering into this transaction on October 11, 2012, and the Watson Advertising Agreement was executed on October 1, 2013 (which amended and restated the original agreement executed on July 3, 2013).

Term: Existing and due to remain in force until end of the racing season in 2017.

Related Party: The Company understands that Watson is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. However, it is not clear whether Watson would fall within the definition of “related party” under the Listing Agreement. In abundance of caution, Watson is being treated as a related party of the Company for the limited purpose of the resolution in Item No.7.

Materiality: The total consideration of Rs. 400 crores payable by the Company to Watson over the entire term of the Watson Advertising Agreement (in addition to lump sum amounts of USD 8,708,638 and Pound Sterling 4,051,137 payable to Watson under the agreement), if required to be aggregated with the amounts under other agreements involving other relevant related parties, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

- (vii) Sponsorship agreement, with United Racing & Bloodstock Breeders Limited (“URBBL”) (“URBBL Sponsorship Agreement”), dated June 11, 2013

In terms of the URBBL Sponsorship Agreement, URBBL has granted certain sponsorship rights to the Company in relation to horses owned or raced by URBBL in consideration for the Company paying certain sponsorship fees. The Board of Directors of the Company had approved the Company entering into this transaction on October 11, 2012, and the URBBL Sponsorship Agreement was executed on June 11, 2013.

Term: Existing and due to remain in force until June 11, 2023.

Related Party: As per the latest information available in the public domain, Dr. Vijay Mallya, who is a director of the Company, is also a director of URBBL and holds more than 2% of the paid-up share capital of URBBL, which information if currently accurate, would result in URBBL being considered as a related party of the Company in accordance with Section 2(76)(v) of the Companies Act, 2013. Further, the Company understands that URBBL is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. Accordingly, in abundance of caution, URBBL is being treated as a related party of the Company for the limited purpose of the resolution in Item No.8.

Materiality: The consideration payable by the Company to URBBL under the URBBL Sponsorship Agreement (i.e., Rs. 7.5 crores per year and Rs. 75 crores over the entire term), if required to be aggregated with the amounts under other agreements involving other relevant related parties, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

- (viii) Sponsorship agreement, with United Mohun Bagan Football Team Private Limited (“UMBFTPL”) (“UMBFTPL Sponsorship Agreement”), dated June 11, 2013

In terms of the UMBFTPL Sponsorship Agreement, UMBFTPL has granted certain sponsorship rights to the Company in relation to the Mohun Bagan Athletic Club in consideration for the Company paying certain sponsorship fees. The Board of Directors had approved the Company entering into this transaction on October 11, 2012, and the UMBFTPL Sponsorship Agreement was executed on June 11, 2013.

Term: Existing and due to remain in force until June 11, 2023.

Related Party: The Company understands that UMBFTPL is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. However, it is not clear whether UMBFTPL would fall within the definition of “related party” under the Listing Agreement. In abundance of caution, UMBFTPL is being treated as a related party of the Company for the limited purpose of the resolution in Item No.9.

Materiality: The consideration payable by the Company to UMBFTPL under the UMBFTPL Sponsorship Agreement (i.e., Rs. 8 crores per year and Rs. 80 crores over the entire term), if required to be aggregated with the amounts under other agreements involving other relevant related parties, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

- (ix) Aircraft services agreement, with UB Air Private Limited (“UBAPL”) (“**Aircraft Services Agreement**”), dated June 11, 2013

In terms of the Aircraft Services Agreement, UBAPL has agreed to provide to the Company certain flight services as requisitioned by the Company in consideration for the Company paying the specified price. The Board of Directors had approved the Company entering into this transaction on October 11, 2012, and the Aircraft Services Agreement was executed on June 11, 2013.

Term: There is no specified term of the Aircraft Services Agreement, it will continue to be in force till the time Dr. Vijay Mallya is non-executive director and Chairman of the Company.

Related Party: The Company understands that UBAPL is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. However, it is not clear whether UBAPL would fall within the definition of “related party” under the Listing Agreement. In abundance of caution, UBAPL is being treated as a related party of the Company for the limited purpose of the resolution in Item No.10.

Materiality: The consideration payable by the Company to UBAPL under the Aircraft Services Agreement (i.e., not exceeding Rs. 25 crores per year plus the non-interest bearing security deposit of Rs. 5 crores paid upfront), if required to be aggregated with the amounts under other agreements involving other relevant related parties, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

- (x) Properties call agreement, with PE Data Centre Resources Private Limited (“PEDCRPL”) (“**Properties Call Agreement**”), dated June 11, 2013

In terms of the Properties Call Agreement, the Company has granted to PEDCRPL a call right for a specific period to purchase certain properties of the Company in India which are non-core to the Company’s business, in consideration for PEDCRPL paying the specified call option fee to the Company. The Board of Directors had approved the Company entering into this transaction on October 11, 2012, and the Properties Call Agreement was executed on June 11, 2013.

Term: Existing and due to remain in force for at least three years from payment of call option fee, which has been received by the Company on March 1, 2014.

Related Party: The Company understands that PEDCRPL is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. However, it is not clear whether PEDCRPL would fall within the definition of “related party” under the Listing Agreement. In abundance of caution, PEDCRPL is being treated as a related party of the Company for the limited purpose of the resolution in Item No.11.

Materiality: The aggregate call option fee paid by PEDCRPL to the Company under the Properties Call Agreement (i.e. Rs. 28.14 crores), if required to be aggregated with the amounts under other agreements involving other relevant related parties, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

- (xi) Contribution agreement, with Vittal Mallya Scientific Research Foundation (“VMSRF”) (“**Contribution Agreement**”), dated June 11, 2013

In terms of the Contribution Agreement, the Company has agreed to continue to make certain minimum contributions per annum to VMSRF, and VMSRF has agreed to ensure that such contributions are used strictly for the purposes of scientific research. The Board of Directors had approved the Company entering into this transaction on October 11, 2012, and the Contribution Agreement was executed on June 11, 2013.

Term: Existing and due to remain in force until June 11, 2023.

Related Party: The Company understands that VMSRF is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. However, it is not clear whether VMSRF would fall within the definition of “related party” under the Listing Agreement. In abundance of caution, VMSRF is being treated as a related party of the Company for the limited purpose of the resolution in Item No.12.

Materiality: The contributions to be made by the Company to VMSRF under the Contribution Agreement (i.e., minimum Rs. 2.5 crores per year and Rs. 25 crores over the entire term), if required to be aggregated with the amounts under other agreements involving other relevant related parties, may exceed the threshold of 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

Details of the related party transactions as required under the Companies Act, 2013 and rules made thereunder

As required by Section 188 of the Companies Act, 2013 read with Rule 15(3) of the Companies (Meetings of the Board and its Powers) Rules, 2014, the following details for each of the Agreements are being set out as below:

A. Sales Promotion Services Agreement

- a. Name of the related party** – Diageo India Private Limited
- b. Name of the director or key managerial personnel who is related, if any** – None of the Directors or Key Managerial Personnel of the Company are parties to this agreement.
- c. Nature of relationship** – Since both the Company and DIPL are ultimate subsidiaries of Diageo plc, DIPL falls within the definition of “related party” of the Company under Section 2(76)(viii)(B) of the Companies Act, 2013.
- d. Nature, material terms, monetary value and particulars of the contract or arrangement –**
 - **Nature:** In terms of the Sales Promotion Services Agreement, the Company has agreed to provide certain sales promotion services to DIPL in relation to certain products.
 - **Material terms:**
 - (i) The Company is required to provide certain services to DIPL, including, promoting certain products of DIPL and undertaking merchandising activities with respect such products as advised by DIPL; effectively managing, developing and executing business relationships with key customer accounts of DIPL; managing distributors of, and third-party sales promoters engaged by DIPL; providing the support required to manage customer accounts and reconciliations; etc.
 - (ii) The Company is also required to abide by the confidentiality, non-compete and protection of intellectual property obligations.
 - (iii) The parties to this agreement have provided standard representations, warranties and indemnities that are typical in such agreements.
 - **Monetary value:** Not possible to ascertain the monetary value of the Sales Promotion Services Agreement, since the commission payable under this agreement is based on the net sales value achieved.
 - **Particulars of the contract:**
 - (i) The Sales Promotion Services agreement will remain in force till September 30, 2015 unless validly terminated prior to that date in accordance with its terms.
 - (ii) Either party may terminate this agreement with immediate effect by notice in writing to the other party for, inter alia, any of the following reasons – either party commits one or more breaches of any of the provisions of this agreement which are not capable of remedy; either party commits one or more breaches of any of the provisions of the agreement which are capable of remedy and any such breaches remain unremedied 14 days after the other party has given notice to the first party of such breach; either party becomes insolvent, goes into liquidation, steps are taken by the that party to commence its winding-up or a receiver administrative receiver or administrator is appointed over all or any assets or any equivalent step to any of these steps is taken in any place; either party commits any acts or omission amounting to fraud, malfeasance, wilful misconduct or gross negligence; etc.

B. Loan Agreement

- a. Name of the related party** – United Breweries (Holdings) Limited
- b. Name of the director or key managerial personnel who is related, if any** – None of the Directors or Key Managerial Personnel of the Company are parties to this agreement.
- c. Nature of relationship** – Since Dr. Vijay Mallya, who is a director of the Company, is also a director of UBHL and holds more than 2% of the paid-up share capital of UBHL, UBHL falls within the definition of a “related party” of the Company under Section 2(76)(v) of the Companies Act, 2013.
- d. Nature, material terms, monetary value and particulars of the contract or arrangement –**
 - **Nature:** In terms of the Loan Agreement, various pre-existing loans / advances / deposits (together with interest) which the Company and its subsidiaries had due from UBHL, were consolidated into an unsecured loan aggregating to Rs. 1,337.42 crores.
 - **Material terms:** The interest rate under the loan agreement is 9.5% to be paid at 6 months intervals starting at the end of 18 months from the effective date of the loan agreement.
 - **Monetary value:** The total principal amount under the Loan Agreement is Rs. 1,375 crores, plus interest.
 - **Particulars of the contract:** The loan has been granted for a period of 8 years and is payable in three annual installments commencing from the end of the 6th anniversary of the effective date of the Loan Agreement (i.e. July 4, 2013).

C. Trademark Licence Agreement

- a. Name of the related party** – United Breweries (Holdings) Limited

- b. Name of the director or key managerial personnel who is related, if any –** None of the Directors or Key Managerial Personnel of the Company are parties to this agreement.
- c. Nature of relationship –** Since Dr. Vijay Mallya, who is a director of the Company, is also a director of UBHL and holds more than 2% of the paid-up share capital of UBHL, UBHL falls within the definition of a “related party” of the Company under Section 2(76)(v) of the Companies Act, 2013.
- d. Nature, material terms, monetary value and particulars of the contract or arrangement –**
- **Nature:** In terms of the Trademark Licence Agreement, UBHL had granted to the Company a licence to use the Pegasus logo.
 - **Material terms:**
 - (i) In consideration of the license fee, UBHL has granted to the Company a sub-licensable, assignable exclusive right and license to the use the Pegasus logo in relation to certain products mentioned in such agreement.
 - (ii) Both parties are required to abide by certain confidentiality obligations.
 - (iii) The parties have provided standard representations, warranties and indemnities that are typical in such agreements.
 - **Monetary value:**
 - (i) License fee of Rs. 250 crores has been paid by the Company to UBHL within 15 days of signing of the agreement.
 - (ii) License fee of Rs. 263 crores payable by the Company to UBHL over the next 8 financial years in the following manner:

Financial year	Amount (in Rs.)
First financial year	56,00,00,000
Second financial year	25,00,00,000
Third financial year	25,00,00,000
Fourth financial year	32,00,00,000
Fifth financial year	32,00,00,000
Sixth financial year	32,00,00,000
Seventh financial year	32,00,00,000
Eighth financial year	29,00,00,000
TOTAL	263,00,00,000

- **Particulars of the contract:**
 - (i) The term of this agreement is for a period of 10 years from the date of the agreement, i.e. till June 29, 2023.
 - (ii) The agreement shall terminate on the expiry of the term unless terminated prior in accordance with the agreement.
 - (iii) Either party may terminate the agreement for, inter alia, the following reasons: failure by a party to remedy a material breach committed by it within 30 days from receipt of notice of default; if a party becomes insolvent or is unable to pay its debts when due; a winding up order is passed against a party and/or a party ceases to carry on business; etc.
 - (iv) The agreement may also be terminated by either party by the mutual consent in writing of both the parties.
 - (v) UBHL may also terminate the agreement if the Company takes any action to challenge, dispute or impugn the validity of the trademark which is licensed; or if the Company sets up any claim in the trademark which is licensed, adverse to that of UBHL.

D. Property Sale Agreements

- a. Name of the related party –** United Breweries (Holdings) Limited
- b. Name of the director or key managerial personnel who is related, if any –** None of the Directors or Key Managerial Personnel of the Company are parties to these agreements.
- c. Nature of relationship –** Since Dr. Vijay Mallya, who is a director of the Company, is also a director of UBHL and holds more than 2% of the paid-up share capital of UBHL, UBHL falls within the definition of a “related party” of the Company under Section 2(76)(v) of the Companies Act, 2013.
- d. Nature, material terms, monetary value and particulars of the contract or arrangement –**
- **Nature:** In terms of the Property Sale Agreements, UBHL had agreed to sell, grant, convey, transfer, assign to the Company all their right, title, interest and ownership in certain properties, being the proportionate land and office space in 9th Floor of Canberra Tower in UB City, Bangalore (“Property”).
 - **Material terms:**
 - (i) In consideration of the aggregate sale price, UBHL had agreed to sell, grant, convey, transfer, assign to the Company all their right, title, interest and ownership in the Property, together with all the rights of way, easements of necessity, water, water courses, drains, privileges, appurtenances, advantages whatsoever pertaining or belonging to the Property.

- (ii) UBHL covenanted that it has full power and absolute authority and an indefeasible title to sell the Property to the Company and that the Company would have peaceful possession of the Property without any claim or demand, disturbance or interruption whatsoever from UBHL.
- (iii) The parties agreed that the aggregate consideration shall be paid by the Company to UBHL at the earliest and that UBHL shall execute and convey the Property on such receipt not later than 6 months from the respective dates of the Property Sale Agreements.
- (iv) UBHL covenanted and declared that their title to the Property is clear, valid and marketable and free from all encumbrances, charges, claims of any kind and litigations.
- (v) UBHL also agreed to keep the Company at all times fully indemnified and harmless against any loss or liability, action or proceedings, cost or claims which may arise against the Company or the Property by reason of any defect in or want of title on part of UBHL and/or breach of the terms of the sale. UBHL agreed to defend the right, title, interest and ownership of the Company against all claims and demands and also to fully bear all the expenses in this regard.
- **Monetary value:** The Company has already paid the aggregate consideration under the Property Sale Agreements to UBHL, being a sum of Rs. 10.70 crores in terms of the Property Sale Agreement dated September 30, 2011 and a further sum of Rs. 22.44 crores in terms of the Property Sale Agreement dated December 22, 2011.
- **Particulars of the contract:**
 - (i) There is no specified term of the Property Sale Agreements.
 - (ii) The Company would own, hold, possess and enjoy the Property always in undivided form without claiming any division, partition or demarcation.
 - (iii) The Company has a right to use along with other owners in the building in which Property is situated, all the common facilities with a corresponding obligation to pay proportionately their share of common maintenance expenses of all common facilities leviable from time to time.
 - (iv) Among other things, the Company is under an obligation to not default in payment of any taxes, levies and expenses to be commonly shared by other owners in the building in which Property is situated; not to use or permit the use of the Property in a manner which would diminish the value of the common amenities provided in the building; not to cause annoyance, inconvenience or disturbance or injury to the occupiers of other areas; etc.

E. Services Agreement

- a. **Name of the related party** – Kingfisher Finvest India Limited
- b. **Name of the director or key managerial personnel who is related, if any** – None of the Directors or Key Managerial Personnel of the Company are parties to this agreement.
- c. **Nature of relationship** – KFIL is a wholly owned subsidiary of UBHL, the latter being a related party of the Company. Though KFIL may not strictly fall within the definition of “related party” under the Listing Agreement, in view of the above and in abundance of caution, KFIL is being treated as a related party for the limited purpose of the resolution in Item No.6.
- d. **Nature, material terms, monetary value and particulars of the contract or arrangement** –
 - **Nature:** In terms of the Services Agreement, KFIL has agreed to provide certain services to the Company in consideration for certain fees.
 - **Material terms:**
 - (i) KFIL is required to provide certain services (as provided in the agreement) to the Company, and any additional services would need to be notified by the Company to KFIL in writing and agreed to by both parties.
 - (ii) The Company is required to pay the fees to KFIL as provided in the agreement within 15 days of the Company receiving an invoice from KFIL.
 - (iii) KFIL may sub-contract the provision of any service to one or more third parties, without obtaining prior consent of the Company.
 - (iv) Both parties are required to abide by certain confidentiality obligations.
 - (iv) The parties have provided standard representations and warranties that are typical in such agreements.
 - **Monetary value:** Rs. 17 crores to be paid by the Company to KFIL in respect of each financial year during the term of the agreement.
 - **Particulars of the contract:**
 - (i) There is no specified term of the agreement. The agreement would continue to be in force till the time Dr. Vijay Mallya is non-executive director and Chairman of the Company.
 - (ii) The agreement can be terminated by either party before the expiry of the term of the agreement on the occurrence of a force majeure event, as set out in the agreement.
 - (iii) The agreement can be terminated upon failure by a party to remedy a material breach of the terms and conditions of the agreement committed by it within 3 business days of receipt of notice of default by or on behalf of the other party, and upon failure by a party to remedy any other breach of the terms and conditions of the agreement committed by it within 30 business days of receipt of notice of default by or on behalf of the other party.

F. Watson Advertising Agreement

- a. **Name of the related party** – Watson Limited
- b. **Name of the director or key managerial personnel who is related, if any** – None of the Directors or Key Managerial Personnel of the Company are parties to this agreement.
- c. **Nature of relationship** – The Company understands that Watson is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. However, it is not clear whether Watson would fall within the definition of “related party” under the Listing Agreement. In abundance of caution, Watson is being treated as a related party of the Company for the limited purpose of the resolution in Item No.7.
- d. **Nature, material terms, monetary value and particulars of the contract or arrangement** –
 - **Nature:** In terms of the Watson Advertising Agreement, the Company has been granted certain advertising rights in relation to the Formula One motor racing team.
 - **Material terms:**
 - (i) Watson has granted to the Company a worldwide, non-transferable, royalty-free licence to the use the logo of the Formula One motor racing team owned and managed by FORCE INDIA, and certain other terms / straplines.
 - (ii) The Company is also entitled to engage in advertising and promotional campaigns and activities in order to communicate appropriate social responsibility messages which expressly refer to the arrangement under the agreement.
 - (iii) Watson shall not, during the term of the agreement, grant to any other person any right to advertise, promote or in any way associate any spirit products with FORCE INDIA, etc.
 - (iv) Both parties are required to abide by certain confidentiality obligations.
 - (v) The parties to the agreement have provided standard representations, warranties and indemnities that are typical in such agreements.
 - **Monetary value:** The Company would pay an overall consideration of Rs. 400 crores to Watson over the entire term of the agreement (i.e. Rs. 80 crores for each of the 5 years when the agreement is in force) in addition to lump sum amounts of USD 8,708,638 and Pound Sterling 4,051,137 payable to Watson under the agreement.
 - **Particulars of the contract:**
 - (i) The term of the agreement is the racing season beginning from 2013 to 2017.
 - (ii) Either party may terminate the agreement with immediate effect by giving written notice to the other party in case of an event of default (as defined in the agreement).
 - (iii) Watson may terminate the agreement with immediate effect on giving written notice to the Company in case of an insolvency event in relation to the Company or FORCE INDIA; in case the Company fails to pay any sum due under the agreement within 30 business days; in case the Company challenges the validity or ownership of the logo of the motor racing team.
 - (iv) The Company may terminate the agreement with immediate effect on giving written notice to Watson in case an insolvency event occurs in relation to Watson and/or FORCE INDIA, and / or if Watson / FORCE INDIA challenges the validity or ownership of the Company’s logos.

G. URBBL Sponsorship Agreement

- a. **Name of the related party** – United Racing & Bloodstock Breeders Limited
- b. **Name of the director or key managerial personnel who is related, if any** – None of the Directors or Key Managerial Personnel of the Company are parties to this agreement.
- c. **Nature of relationship** – As per the latest information available in the public domain, Dr. Vijay Mallya, who is a director of the Company, is also a director of URBBL and holds more than 2% of the paid-up share capital of URBBL, which information if currently accurate, would result in URBBL being considered as a related party of the Company in accordance with Section 2(76) (v) of the Companies Act, 2013. Further, the Company understands that URBBL is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. Accordingly, in abundance of caution, URBBL is being treated as a related party of the Company for the limited purpose of the resolution in Item No.8.
- d. **Nature, material terms, monetary value and particulars of the contract or arrangement** –
 - **Nature:** In terms of the URBBL Sponsorship Agreement, URBBL has granted certain sponsorship rights to the Company.
 - **Material terms:**
 - (i) URBBL has granted to the Company sponsorship rights for the term of the agreement.
 - (ii) During the term of the agreement, URBBL is prohibited from granting to any other person any right to advertise, promote or in any way associate any spirit products in certain display and other areas (as stated and defined in the agreement).
 - (iii) Both parties are required to abide by certain confidentiality obligations.
 - (iv) The parties have provided standard representations and warranties and the Company has provided indemnities that are typical in such agreements.

- Monetary value: Rs. 7.5 crores to be paid by the Company to URBBL in respect of each financial year during the term of the agreement, totaling to Rs. 75 crores for the entire term.
- Particulars of the contract:
 - (i) The term of the agreement is for a period of 10 years from the date of the agreement, i.e. till June 11, 2023.
 - (ii) The agreement may be terminated at any time prior to the term by the mutual agreement of the parties.
 - (iii) Either party may terminate the agreement for the following reasons: (a) failure by a party to remedy a material breach committed by it within 5 business days from receipt of notice of default; (b) any action has been taken, any order has come into effect, or any applicable law has been enacted which would restrain, enjoin or otherwise prohibit or make illegal the transactions contemplated by the agreement.

H. UMBFTPL Sponsorship Agreement

- a. **Name of the related party** – United Mohun Bagan Football Team Private Limited
- b. **Name of the director or key managerial personnel who is related, if any** – None of the Directors or Key Managerial Personnel of the Company are parties to this agreement.
- c. **Nature of relationship** – The Company understands that UMBFTPL is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. However, it is not clear whether UMBFTPL would fall within the definition of “related party” under the Listing Agreement. In abundance of caution, UMBFTPL is being treated as a related party of the Company for the limited purpose of the resolution in Item No.9.
- d. **Nature, material terms, monetary value and particulars of the contract or arrangement** –
 - **Nature:** In terms of the UMBFTPL Sponsorship Agreement, UMBFTPL has granted certain sponsorship rights to the Company.
 - **Material terms:**
 - (i) UMBFTPL has granted to the Company sponsorship rights for the term of the agreement.
 - (ii) During the term of the agreement, UMBFTPL is prohibited from granting to any other person any right to advertise, promote or in any way associate any spirit products in certain display and other areas (as stated and defined in the agreement).
 - (iii) The Company acknowledges that UMBFTPL shall have the right to accept endorsements from any other brands/persons in respect of its team and that the individual players shall have the right to accept endorsements in respect of themselves from any other brands/persons, provided that UMBFTPL would not, and would procure that the individual players would not accept endorsements for spirit products.
 - (iv) Both parties are required to abide by certain confidentiality obligations.
 - (v) The parties have provided standard representations and warranties and the Company has provided indemnities that are typical in such agreements.
 - **Monetary value:** Rs. 8 crores to be paid by the Company to UMBFTPL in respect of each financial year during the term of the agreement, totaling to Rs. 80 crores for the entire term.
 - **Particulars of the contract:**
 - (i) The term of the agreement is for a period of 10 years from the date of the agreement, i.e. till June 11, 2023.
 - (ii) The agreement may be terminated by either party upon a material breach by the other party of any of the terms of the agreement which it has notified to the other party and which has not been cured within a period of 3 business days of such notice in case of payment obligations and 30 business days of such notice in case of any other breach.
 - (iii) The Company may also terminate the agreement by written notice if any action has been taken, any order has come into effect, or any applicable law has been enacted which would restrain, enjoin or otherwise prohibit or make illegal the transactions contemplated by the agreement.

I. Aircraft Services Agreement

- a. **Name of the related party** – UB Air Private Limited
- b. **Name of the director or key managerial personnel who is related, if any** – None of the Directors or Key Managerial Personnel of the Company are parties to this agreement.
- c. **Nature of relationship** – The Company understands that UBAPL is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. However, it is not clear whether UBAPL would fall within the definition of “related party” under the Listing Agreement. In abundance of caution, UBAPL is being treated as a related party of the Company for the limited purpose of the resolution in Item No.10.
- d. **Nature, material terms, monetary value and particulars of the contract or arrangement** –
 - **Nature:** In terms of the Aircraft Services Agreement, UBAPL has agreed to provide to the Company certain flight services as requisitioned by the Company.

- **Material terms:**
 - (i) Upon receipt of a written request from the Company in the prescribed format, at least 24 hours prior to the departure time for the request flight service, UBAPL would on a best efforts basis provide the flight service specified by the Company in the written notice. UBAPL would not be in breach of its obligations under the agreement provided it has used its best endeavours to provide the flight service.
 - (ii) Both parties are required to abide by certain confidentiality obligations.
 - (iii) The parties have provided standard representations and warranties that are typical in such agreements.
- **Monetary value:**
 - (i) The Company has paid an interest-free refundable deposit amount of Rs. 5 crores to UBAPL.
 - (ii) The Company would pay a consideration not exceeding Rs. 25 crores per year to UBAPL (to be determined as per the mechanism set out in the agreement) during the term of the agreement.
- **Particulars of the contract:**
 - (i) There is no specified term of the agreement. The agreement would continue to be in force till the time Dr. Vijay Mallya is non-executive director and Chairman of the Company.
 - (ii) The agreement can be terminated by UBAPL by giving 30 days prior written notice to the Company and also by mutual consent of the parties.
 - (iii) The agreement can be terminated before the term on the occurrence of a force majeure event, as set out in the agreement.
 - (iv) The agreement can be terminated upon failure by a party to remedy a material breach of the terms and conditions of the agreement committed by it within 30 days of receipt of notice of default by or on behalf of the other party.

J. Properties Call Agreement

- a. **Name of the related party** – PE Data Centre Resources Private Limited
- b. **Name of the director or key managerial personnel who is related, if any** – None of the Directors or Key Managerial Personnel of the Company are parties to this agreement.
- c. **Nature of relationship** – The Company understands that PEDCRPL is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. However, it is not clear whether PEDCRPL would fall within the definition of “related party” under the Listing Agreement. In abundance of caution, PEDCRPL is being treated as a related party of the Company for the limited purpose of the resolution in Item No.11.
- d. **Nature, material terms, monetary value and particulars of the contract or arrangement** –
 - **Nature:** In terms of the Properties Call Agreement, the Company has granted to PEDCRPL a call right, for a specific period and on payment of a call option fee to the Company, to purchase certain properties of the Company in India (which are non-core assets to the Company’s business).
 - **Material terms:**
 - (i) PEDCRPL shall have the right, but not an obligation, to require the Company to sell any, more than one or all of the Call Properties (as defined in the agreement) at the predetermined price and for a definite period, and the Company shall sell such property to PEDCRPL as per the terms of the agreement.
 - (ii) PEDCRPL shall have the right exercise this right on more than one occasion till all the properties are transferred to it by the Company.
 - (iii) Both parties are required to abide by certain confidentiality obligations.
 - (iv) The parties have provided standard representations and warranties that are typical in such agreements.
 - **Monetary value:** PEDCRPL would pay the Company an aggregate fee (for all the various properties detailed in the agreement) of Rs. 28.14 crores.
 - **Particulars of the contract:**
 - (i) The agreement would remain in force for at least three years from payment of call option fee, which has been received by the Company on March 1, 2014.
 - (ii) The agreement may be terminated at any time by mutual consent of the parties.
 - (iii) The agreement would also be terminated immediately and automatically in case of breach of certain provisions of the agreement dealing with payment of fee for the properties to be sold by the Company to PEDCRPL.

K. Contribution Agreement

- a. **Name of the related party** – Vittal Mallya Scientific Research Foundation
- b. **Name of the director or key managerial personnel who is related, if any** – None of the Directors or Key Managerial Personnel of the Company are parties to this agreement.

c. **Nature of relationship** – The Company understands that VMSRF is an entity which can be considered as directly or indirectly owned / controlled / significantly influenced by the erstwhile promoter group. However, it is not clear whether VMSRF would fall within the definition of “related party” under the Listing Agreement. In abundance of caution, VMSRF is being treated as a related party of the Company for the limited purpose of the resolution in Item No.12.

d. **Nature, material terms, monetary value and particulars of the contract or arrangement –**

- **Nature:** In terms of the Contribution Agreement, the Company has agreed to continue to make certain minimum contributions per annum to VMSRF, and VMSRF has agreed to ensure that such contributions are used strictly for the purposes of scientific research.
- **Material terms:**
 - (i) The Company would contribute a minimum sum of Rs. 2.5 crores per annum to VMSRF.
 - (ii) VMSRF shall ensure that the contribution by the Company is used strictly for the purposes of scientific research through the faculty members or enrolled students, and shall, every 6 months, issue a communiqué to the Company intimating it of patents filed and registered by VMSRF which may be of use to the Company.
 - (iii) Both parties are required to abide by certain confidentiality obligations.
 - (iv) The parties have provided standard representations and warranties that are typical in such agreements.
- **Monetary value:** A minimum contribution of Rs. 2.5 crores to be paid by the Company to VMSRF in respect of each financial year during the term of the agreement, totaling to Rs. 25 crores for the entire term.
- **Particulars of the contract:**
 - (i) The agreement would remain valid and binding on the parties for a period of 10 years from the date of the agreement, i.e. till June 11, 2023.
 - (ii) The agreement may be terminated by either party upon a material breach by the other party of any of its representations, warranties, covenants, undertakings or other obligations under the agreement and which has not been cured within a period of 3 business days of receipt of such notice.
 - (iii) A party may also terminate the agreement by written notice if any action has been taken, any order has come into effect, or any law has been enacted which would restrain, enjoin or otherwise prohibit or make illegal the transactions contemplated by the agreement.

In terms of a shareholders' agreement between, inter alia, Relay B.V., UBHL and KFIL, dated November 9, 2012 (as amended), certain directors of the Company, viz. Mr.Anand Kripalu, Mr.P.A. Murali, Dr.Nicholas Bodo Blazquez and Mr.Ravi Rajagopal are nominees of Relay B.V., and Dr.Vijay Mallya is a nominee of UBHL. Further, the Managing Director and Chief Executive Officer of the Company (Mr.Anand Kripalu) and the Chief Financial Officer of the Company (Mr.P.A. Murali) are nominees of Relay B.V.

Except as mentioned above, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned and/or interested in the proposed Resolutions at Item Nos. 2 to 12 of this Notice.

By Order of the Board

Place : Bangalore
Date : October 31, 2014

V.S. Venkataraman
Company Secretary

REPORT TO THE MEMBERS OF UNITED SPIRITS LIMITED ON EROSION OF MORE THAN FIFTY PER CENT 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, National Stock Exchange of India Limited and Bangalore Stock Exchange Limited.

As per the audited annual accounts of the Company for the financial year ended March 31, 2014 (which were approved and adopted at the Fifteenth Annual General Meeting of the Members of the Company held on September 30, 2014), the accumulated losses of the Company as on March 31, 2014 exceeded more than fifty per cent 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, 2014) 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 2009-10, 2010-11, 2011-12 and 2012-13) are given hereunder:

	Rs. In lakh			
Particulars	2009-10	2010-11	2011-12	2012-13
Paid up Share Capital	12,559.43	13,079.50	13,079.50	13,079.50
Reserve & Surplus	481,604.68	513,125.11	543,604.18	571,883.46
Total	494,164.11	526,204.61	556,683.68	584,962.96
Less:	-	-	-	-
Revaluation Reserve				
Net Worth	494,164.11	526,204.61	556,683.68	584,962.96
Peak Net Worth	-	-	-	584,962.96
50% of Peak Net Worth	-	-	-	292,481.48

Therefore, the accumulated losses of the Company as on March 31, 2014 (which is Rs.3,079.40 crores) is greater than 50% of the peak net worth in the immediately preceding four financial years (i.e. Rs.2,924.81 crores).

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

Though the Company registered an operating profit of Rs.306.19 crores for the financial year ended March 31, 2014, due to certain provisions made by the Company for, inter alia, (i) doubtful receivable, advances and deposits; (ii) impairment of the Company’s investment in its wholly owned overseas subsidiary, USL Holdings Limited in British Virgin Islands; (iii) write-off of a part of a certain intra-group loan on account of sale of the entire issued share capital of Whyte and Mackay Group Limited, an erstwhile indirect wholly owned subsidiary of the Company, to a third party; and (iv) diminution in the value of the Company’s investments in Palmer Investment Group Limited and Montrose International S.A. more than fifty percent of the peak net worth of the Company during the preceding four financial years was eroded as at the end of the financial year 2013-14.

Full details of the above mentioned provisions have been provided in the annual report of the Company for the financial year ended March 31, 2014, and for reference, a break-up of the amounts so provided for are set out below:

	Rs in Lakhs
Provision for Doubtful debts, advances and deposits	101,274.75
Provision for loans given	361,423.46
Provision for Investments	70,739.16
	533,437.37

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. Though the Company has incurred cash losses in the financial year ended March 31, 2014 mainly due to such provisioning, no cash losses were incurred in the immediately preceding financial year. Besides, the Company has generated cash profits during the first quarter immediately after the end of the financial year March 31, 2014. The financial results of the Company for the quarter ended June 30, 2014 confirming the above position, were subjected to Limited Review Report by the Statutory Auditors of the Company, published in The Business Standard and Kannada Prajavani on October 20, 2014, and were also submitted to the Stock Exchanges concerned.

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 is proposing to enter 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 is currently pending before the shareholders for their approval. By entering into such agreements / arrangements, the Company will be in a position to gain a diverse, global product portfolio, additional sales revenue and improve the Company’s standing in the domestic market by virtue of leveraging the Diageo brand and know-how as well as result in an expansion in the business activities that the Company currently performs on behalf of the Diageo brands, enabling the Company to capture an increased share of value derived from growing the Diageo brand portfolio within India. In addition to the proposed entry into such agreements / arrangements in connection with the manufacture and sale of Diageo brands, with the continuing growth in turnover of alcohol beverage business, premiumisation of the Company’s brands to increase the margin through innovative marketing strategies and lessening of the Company’s dependence on its key raw material extra neutral alcohol by increasing its in-house production capacities in some of its subsidiary companies, Members of the Company will be pleased to note that it is anticipated that the Company will soon come out from its present position of “potentially sick” company.

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 that the fact of such erosion in the peak net worth and causes thereof.

By Order of the Board

Place : Bangalore
Date : October 31, 2014

V.S. Venkataraman
Company Secretary



United Spirits Limited

Corporate Identity Number: L01551KA1999PLC024991

Registered Office: 'UB Tower', #24, Vittal Mallya Road, Bangalore - 560 001.

Tel: +91 80 3985 6500; Fax: +91 80 3985 6862; www.unitedspirits.in, Email: usinvestor@unitedspirits.in

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

I / we hereby record my / our presence at the Extraordinary General Meeting held on Friday, November 28, 2014 at 3.30 p.m. at "The Senate", The Capitol, No. 3 Raj Bhavan Road, Bangalore 560 001.

Name of the Member / Proxy / Authorised Representative * _____

Signature of the Member / Proxy / Authorised Representative* _____

*strike off whichever is not applicable

Notes:

1. The Company will accept only Attendance Slip of a person personally attending the meeting as a Member or valid proxy duly registered in time with the Company. The Company will not accept Attendance Slip from any other person even if signed by a Member. Members are requested not to be accompanied by non-Members or children.
2. Persons representing bodies corporate are required to submit with the Company original Resolution of the Board of Directors or other governing body of such Member, authorizing such person to act as its representative under Section 113 of the Companies Act, 2013.
3. Shareholders/Proxy holder/Authorised Representative attending the meeting should bring his/her copy of the Notice for reference at the meeting.
4. To facilitate Members, registration of attendance will commence at 2.30 p.m. on November 28, 2014.
5. E-voting particulars are set out below:

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD

Please refer Notice for instructions on e-voting.

E-voting facility will be open during the following period.

Commencement of E-voting	End of E-voting
Saturday, November 22, 2014 at 9.00 a.m.	Monday, November 24, 2014 at 6.00 p.m.

Members are advised that no Gifts will be distributed at the Extraordinary General Meeting



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Signature of the Member / Proxy / Authorised Representative* _____

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PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) : _____

Registered Address : _____

E-mail Id : _____

Folio No / Client Id : _____

DP Id : _____

I/We, being holder (s) of _____ equity shares of United Spirits Limited hereby appoint

1. Name: _____ Address: _____

E-mail Id: _____ Signature: _____ or failing him / her

2. Name: _____ Address: _____

E-mail Id: _____ Signature: _____ or failing him / her

3. Name: _____ Address: _____

E-mail Id: _____ Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held on Friday, November 28, 2014 at 3.30 p.m. at 'The Senate' The Capitol No. 3, Raj Bhavan Road, Bangalore 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

1	To consider erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985
2	To consider approval of agreement for sales promotion services dated October 1, 2013 entered with Diageo India Private Limited.
3	To consider approval of loan agreement dated July 3, 2013 entered with United Breweries (Holdings) Limited.
4	To consider approval of trademark licence agreement dated June 29, 2013 entered with United Breweries (Holdings) Limited.
5	To consider approval of property sale agreements dated September 30, 2011 and December 22, 2011 entered with United Breweries (Holdings) Limited.
6	To consider approval of services agreement dated July 3, 2013 entered with Kingfisher Finvest India Limited.
7	To consider approval of advertising agreement dated October 1, 2013 (which amended and restated the original agreement dated July 3, 2013) entered with Watson Limited.
8	To consider approval of sponsorship agreement dated June 11, 2013 entered with United Racing & Bloodstock Breeders Limited.
9	To consider approval of sponsorship agreement dated June 11, 2013 entered with United Mohun Bagan Football Team Private Limited.
10	To consider approval of aircraft services agreement dated June 11, 2013 entered with UB Air Private Limited.
11	To consider approval of properties call agreement dated June 11, 2013 entered with PE Data Centre Resources Private Limited.
12	To consider approval of contribution agreement dated June 11, 2013 entered with Vittal Mallya Scientific Research Foundation.

Affix Rs.1/-
Revenue
Stamp

Signature of the Shareholder(s): _____

Signature of the Proxy holder (s): _____

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the time of commencement of the Meeting.
- 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. Further a Member holding more than ten percent of the total Share Capital of the Company carrying voting rights can appoint a single person as proxy and such person shall not act as a proxy for any other Member.
- A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.



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Name of the member(s) : _____

Registered Address : _____

E-mail Id : _____

Folio No / Client Id : _____

DP Id : _____

I/We, being holder (s) of _____ equity shares of United Spirits Limited hereby appoint

1. Name: _____ Address: _____

E-mail Id: _____ Signature: _____ or failing him / her

2. Name: _____ Address: _____

E-mail Id: _____ Signature: _____ or failing him / her

3. Name: _____ Address: _____

E-mail Id: _____ Signature: _____

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7	To consider approval of advertising agreement dated October 1, 2013 (which amended and restated the original agreement dated July 3, 2013) entered with Watson Limited.
8	To consider approval of sponsorship agreement dated June 11, 2013 entered with United Racing & Bloodstock Breeders Limited.
9	To consider approval of sponsorship agreement dated June 11, 2013 entered with United Mohun Bagan Football Team Private Limited.
10	To consider approval of aircraft services agreement dated June 11, 2013 entered with UB Air Private Limited.
11	To consider approval of properties call agreement dated June 11, 2013 entered with PE Data Centre Resources Private Limited.
12	To consider approval of contribution agreement dated June 11, 2013 entered with Vittal Mallya Scientific Research Foundation.

Affix Rs.1/-
Revenue
Stamp

Signature of the Shareholder(s): _____

Signature of the Proxy holder (s): _____

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the time of commencement of the Meeting.
- 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. Further a Member holding more than ten percent of the total Share Capital of the Company carrying voting rights can appoint a single person as proxy and such person shall not act as a proxy for any other Member.
- A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.