

United Spirits Limited
Registered Office:
UB Tower
#24 Vittal Mallya Road
Bangalore 560 001

Tel +91 80 3985 6500
www.unitedspirits.in

25 February 2016

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai- 400 001
Scrip code - 532432

National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051
Scrip Code- MCDOWEL-N

Sir,

Sub: Disclosure of resignation of Director and Chairman- Dr Vijay Mallya, and related matters, and appointment of Mr M K Sharma as Chairman

Please find enclosed the required disclosure regarding resignation of Dr Vijay Mallya as Chairman and as a Director of the Company with effect from February 25, 2016. The attached disclosure also provides key details of other arrangements with Dr Mallya in this regard.

In light of the said resignation, Mr M K Sharma, currently an independent, non-executive director, and Chairman of the Audit Committee, has been appointed as Chairman with effect from February 25, 2016.

We are giving below the disclosure required to be furnished by the Company under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with item 7 Para A, Part A of Schedule III to the said Regulations read with SEBI's circular no. CIR/CFD/CMD/4/2015 dated September 9, 2015.

7.1- Reason for Change- Resignation of Dr Vijay Mallya as Chairman and Director. Appointment of Mr M K Sharma, existing independent Director as Chairman.

7.2- Date of appointment and cessation- Resignation of Dr Vijay Mallya wef February 25, 2016 and appointment of Mr M K Sharma as Chairman wef February 25, 2016

UNITED SPIRITS

A DIAGEO Group Company

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7.3- Brief Profile for appointment- No new director is appointed and only existing Director has been appointed as Chairman; hence not applicable

7.4- Disclosure of relationship between directors- Not applicable since there is no appointment of a new Director.

Kindly acknowledge receipt.

Yours faithfully,

For UNITED SPIRITS LIMITED

V. Ramachandran
Company Secretary

Enclosed- As above

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Departure of Dr Vijay Mallya as Chairman and non-executive director of United Spirits Limited

United Spirits Limited (“**the Company**”) has entered into an agreement with Dr Vijay Mallya (“**Dr Mallya**”) under which he has resigned with effect from February 25, 2016 from his position as Chairman and non-executive director of the Company, and from his position as a director of Royal Challengers Sports Private Limited (“**RCSPL**”) and Four Seasons Wines Limited. Following Dr Mallya’s resignation, the Board of Directors of the Company is pleased to announce that Mr Mahendra Kumar Sharma, Independent Director and Chairman of the Audit Committee, has been appointed as the Chairman of the Board with effect from February 25, 2016.

Today’s agreement:

- brings to an end the uncertainty relating to the Company’s governance as well the ambiguity relating to certain historical transactions that were voted down by the Company’s shareholders in November 2014; and
- puts in place a global five-year non-compete, non-interference and standstill arrangement with Dr Mallya.

Anand Kripalu, Managing Director & Chief Executive Officer of the Company said:

“The agreement reached today is valuable to USL and all its shareholders. It also brings to an end the uncertainty relating to the Company’s governance. This will allow the Company to prosper and build on the great platform that we have already created in this exciting market.”

Key terms of the Company’s agreement with Dr Mallya

The Company has entered into an agreement with Dr Mallya regarding his resignation from positions on the boards of the Company and its subsidiaries, and certain other matters.

In addition to confirming his agreed resignation, Dr Mallya has agreed global non-compete (excluding United Kingdom), non-interference and standstill obligations as regards the Company for a period of five years following this date.

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Whilst Dr Mallya will have no ongoing role at the Company following today's agreement, the Company has agreed the following arrangements in recognition of his family's historic connection with the Company:

- (a) Dr Mallya will have the honorary title of "Founder Emeritus - USL". It is agreed that this title carries no authority, responsibility, rights or benefits within the Company or its group; and
- (b) Mr Sidhartha Mallya, Dr Mallya's son, will be a director of RCSPL which holds the franchise for the IPL team Royal Challengers Bangalore ("**RCB**"), for a period of two years or while RCB remains part of the USL Group, whichever is earlier. Dr Mallya will have the honorary title of Chief Mentor while Mr Sidhartha Mallya remains on the board of RCSPL. The members of the board of RCSPL will be able, if they wish, to consult with Dr Mallya.

The Company and Dr Mallya have agreed a mutual release in relation to matters arising out of the initial inquiry by the Company into certain matters referred to in its financial statements and the qualified auditor's report for the financial year ended 31 March 2014 (announced by the Company on 25 April 2015).

Diageo has also entered into an agreement with Dr Mallya regarding his departure from the Company and various other terms. Details of this agreement are given in Diageo's announcement made today.

Termination of certain historical agreements and related arrangements

In addition to the above, Dr Mallya has procured or agreed to procure the termination by the relevant counterparties of certain historical agreements to which the Company is party and that were voted down by the shareholders in November 2014, namely:

- Services agreement with Kingfisher Finvest India Limited, dated 3 July 2013
- Advertising agreement in respect of FORCE INDIA with Watson Limited, dated 1 October 2013 (which amended and restated the original agreement dated 3 July 2013) (the "**Advertising Agreement**")
- Sponsorship agreement with United Racing & Bloodstock Breeders Limited, dated 11 June 2013
- Sponsorship agreement with United Mohun Bagan Football Team Private Limited, dated 11 June 2013
- Aircraft services agreement with UB Air Private Limited, dated 11 June 2013
- Properties call agreement with PE Data Centre Resources Private Limited, dated 11 June 2013 (the "**Properties Call Agreement**")
- Contribution agreement with Vittal Mallya Scientific Research Foundation, dated 11 June 2013

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These agreements were entered into prior to Diageo's acquisition of shares of the Company from United Breweries (Holdings) Limited ("UBHL") on 4 July 2013. In order to ensure compliance with the requirements of a circular issued by SEBI on 17 April 2014 (read with the provisions of the erstwhile listing agreement), which circular was issued after execution of these agreements, the Company placed these agreements (amongst others) before its shareholders for their approval at an extraordinary general meeting on 28 November 2014. However, these agreements were not approved by the shareholders with the requisite majority, and pending any clarification or direction from SEBI regarding the status of these agreements following the shareholders' vote, the Company could not act upon these agreements thereafter.

The termination of these agreements are on terms that release the Company from all liability under the agreements, including in respect of accrued, unpaid amounts, other than in the following three specific and limited instances: (i) in respect of the Advertising Agreement with Watson Limited ("**Watson**"), the parties have agreed that the Company shall have no obligation to pay to Watson certain amounts (including amounts which were due to be paid by the Company at the time of signing such agreement) until and unless Watson or Force India pay the Company certain amounts owed in connection with a prior sponsorship arrangement; (ii) in respect of the Properties Call Agreement, the Company has agreed to refund to PE Data Centre Resources Private Limited the entire call option fee of INR 281.394 million which was paid to the Company during the financial year ended 31 March 2014 together with simple interest at 12%; and (iii) the payment of fees under the Sponsorship Agreement with United Mohun Bagan of approximately INR 6 million in respect of the period prior to the negative shareholder vote in November 2014 and which is therefore not subject to any regulatory restriction. As part of its arrangements with Dr Mallya, USL has entered into an agreement which allows him or a party nominated by him to acquire up to 13 residential, non-core properties from USL. If Dr Mallya or his nominee elects to acquire any or all of these properties, the election would need to be made in a time-bound manner and the price at which the properties may be acquired will be based on the fair market value as assessed by a reputed independent valuer appointed by USL, with a 10% discount applying to the valuation of three of the properties (in Mumbai, Goa and New Delhi). The sale prices for these properties (including the post-discount price for the relevant three properties) are expected to be higher than the prices which applied under the now-terminated Properties Call Agreement.

Certain of the counterparties to the above agreements had sent notices to the Company, calling upon the Company to fulfil its obligations under the respective agreements, failing which the counterparties had threatened to take further steps. Given that the Company has not received any directions or clarifications from SEBI in respect of these agreements to date, the termination of these agreements removes the uncertain position in respect of these agreements, and ensures that the Company will no longer face any prospect of claims as a result of the non-performance of these agreements. Given the attendant uncertainty,

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the Company has been considering the amounts payable under these agreements as a contingent liability. Today's arrangements will eliminate current contingent liabilities and any future liabilities associated with these agreements.

Termination of Shareholders' Agreement

At the time of Diageo's initial USL transaction, Diageo agreed with UBHL and Kingfisher Finvest India Limited ("KFinvest") to put in place a shareholders agreement in relation to USL (the "Shareholders Agreement") and to which the Company became a party on 4 July 2013. As part of the arrangements agreed today, UBHL and KFinvest's nominated director on the USL board under the Shareholders Agreement, Dr Mallya, has resigned.

UBHL has indicated that it may be prevented from agreeing to terminate the Shareholders Agreement immediately by reason of certain legal and court restrictions which may apply as a result of winding-up proceedings to which it is subject in India. USL understands from UBHL that it proposes to seek court leave for an agreed termination of the Shareholders' Agreement, and USL has received certain undertakings in this regard from Dr Mallya.

UBHL is subject to non-compete obligations as regards USL until two years expire following termination of the Shareholders Agreement.