UNITED SPIRITS LIMITED

(Corporate Identity Number: L01551KA1999PLC024991)
Registered Office: "UB Tower", #24, Vittal Mallya Road, Bangalore 560001, India
Tel: +91 80 3985 6500; 2221 0705; Fax: +91 80 3985 6862; www.unitedspirits.in
Email: uslinvestor@unitedspirits.in

POSTAL BALLOT NOTICE

Notice pursuant to Section 110 of the Companies Act, 2013

Dear Shareholders,

Notice is hereby given, pursuant to Section 110 of the Companies Act, 2013, read with the Rule 22 of the Companies (Management and Administration) Rules, 2014, to the members of United Spirits Limited ("**Company**") to transact the following business by passing the following special resolution by way of a postal ballot.

Draft Special Resolution

Entering into distribution agreement, licence for manufacture and sale agreements and cost sharing agreement with certain Diageo subsidiaries:

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

RESOLVED THAT in compliance with the applicable provisions of the Companies Act, 2013 and the rules framed thereunder (including but not limited to section 188 and the rules made 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 applicable circulars and regulations issued by the Securities and Exchange Board of India (including circulars No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014), and subject to such other approvals, permissions and sanctions as may be necessary and such conditions or modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("**Board**") and subject to the provisions of the Memorandum and Articles of Association of the Company, the approval of the shareholders, by way of a special resolution, be and is hereby accorded to the entering into the following agreements by the Company:

i. the licence for manufacture and sale agreement with Diageo Brands B.V. for the manufacture and distribution of Bottled in India (bulk) products under licence from Diageo Brands B.V. in India;

ii. the licence for manufacture and sale agreement with Diageo North America, Inc. and Diageo Scotland Limited for the manufacture and distribution of Bottled in India (manufactured in India) products under licence from Diageo North America, Inc. and Diageo Scotland Limited, respectively in India;

iii. the distribution agreement with, *inter alia*, Diageo Brands B.V., Diageo North America, Inc. and Diageo Scotland Limited for the distribution of bottled in origin products (manufactured by or on behalf of the relevant Diageo brand owner company) in India;

iv. the cost sharing agreement with Diageo India Private Limited with respect to the proportionate sharing by the Company and Diageo India Private Limited of the expenses incurred during the transition period on advertising, marketing and promotion activities for alcoholic beverages owned by various Diageo subsidiaries, in India; and

v. such other and further documents in connection with the aforesaid arrangements, each in such form and on such terms as may be finalized and approved by the Board.

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, including negotiating, finalising, varying and/or settling the terms and conditions of the aforesaid agreements and to complete all such formalities as may be required in this regard 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 resolution to any director or directors or to any committee of directors or any other officer or officers of the Company to give effect to the aforesaid resolution.

By order of the Board
For United Spirits Limited

Place : Mumbai
Date : October 20, 2014

V.S. Venkataraman
Company Secretary

Notes:

1. A copy of this notice has been placed on the website of the Company www.unitedspirits.in and shall remain on the website until the last date for receipt of the postal ballots from the shareholders.

2. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 (including Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rules, 2014) and Rule 22 of the Companies (Management and Administration) Rules, 2014, ("**Rules**") setting out all material facts in respect of the business specified in this notice and the reasons thereto is annexed hereto. The special resolution mentioned herein shall be declared as passed if the number of votes cast in favour is not less than three times the number of votes cast against the said special resolution.

3. The postal ballot form for voting by shareholders is enclosed.

4. In accordance with Rule 22(3) of the Rules, after the postal ballot is dispatched, an advertisement will be published in at least one English language and one vernacular language newspaper circulating in Bangalore.

5. The notice is being sent to all the members of the Company, whose names appear on the register of members/ record of depositories **as on October 17, 2014**.

6. The Board of Directors have, at their meeting held on October 20, 2014, appointed Mr. Sudhir V. Hulyalkar, Company Secretary in Whole-time Practice as the scrutinizer for conducting the postal ballot process in a fair and transparent manner. The scrutinizer's address is 16/8, Ground Floor, 2nd Cross, Gupta Layout, South End Road (Near South End Circle), Basavangudi, Bangalore 560 004.

7. Members are requested to read carefully the instructions printed on the postal ballot form and either: (a) return the form duly completed in the attached self-addressed pre-paid postage envelope; or (b) vote by electronic means in the manner set out herein, in each case, so as to ensure that votes reach the scrutinizer **on or before 5.30 p.m. on the 26th day of November, 2014** ("**Last Date**").

8. The scrutinizer will submit his report to the Chairman as soon as possible after the last date of receipt of all postal ballots but not later than 7 days thereof. Upon completion of the scrutiny of the postal ballot votes, the result of the postal ballot will be announced on the **28th day of November, 2014** at the registered office of the Company and by placing it, along with the scrutinizer's report, on the website of the Company at www.unitedspirits.in and will also be communicated to the stock exchanges where the equity shares of the Company are listed. The Special Resolution, if approved, will be taken as passed effectively on the date of declaration of result.

9. Drafts 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 5.30 p.m. up to 26th day of November, 2014.**

10. In accordance with Clause 35B of the Listing Agreement and Rule 22 of the Rules, the Company is pleased to offer an e-voting facility to shareholders and business connected with this postal ballot may be transacted by the shareholders through such e-voting system. Notice of this meeting has been sent to all shareholders who have registered their email ids with the Company or the registrar and transfer agent/depository participants. Necessary arrangements have been made by the Company with National Securities Depository Limited (NSDL) to facilitate e-voting as an alternate to the dispatch of postal ballot forms. E-voting is optional and members shall have the option to vote either through e-voting or through submission of the postal ballot form.

11. Shareholders who wish to vote through a ballot form may download the ballot form from the link www.evoting.nsdl.com or seek a duplicate form from Integrated Enterprises (India) Limited, 30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003, fill in the details and send the same to the scrutinizer.

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

    (i) In the case of shareholders receiving an email from NSDL:

        (a) Open the email and the attached PDF file titled "USL E-voting.pdf" with your Client ID or Folio No. as password. The pdf file contains your user ID and password for e-voting. Please note that the password is an initial password.

        (b) Launch an internet browser and type the following URL: https://www.evoting.nsdl.com.

        (c) Click on "Shareholder" – "Login".

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

        (e) Click Login.

(f) When the password change menu appears, change your password to a phrase of your choice with a minimum of digits/characters or a combination thereof. Note the new password. It is strongly recommended that you do not share your password with any other person and take care to keep your password confidential.

(g) The home page of "e-Voting" should open thereafter. Click on "e-Voting":- Active Voting Cycles.

(h) Select "EVEN" of United Spirits Limited.

(i) Now you are ready for "e-Voting" as "Cast Vote" page opens.

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

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

(ii) In the case of shareholders other than those referred to in paragraph 12 (i) above, your initial password is provided at the bottom of the postal ballot form. Please follow all steps from paragraph (b) to (k) above to cast your vote;

(iii) If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote; and

(iv) The voting period ends on the close of day (5.30 p.m.) on 26th day of November, 2014. The e-voting module will be disabled for voting thereafter by NSDL.

13. The Scrutinizer's decision on the validity of the postal ballot shall be final and binding.

14. Please note that any postal ballot form(s) received after the Last Date **(i.e. 26th day of November, 2014)** will be treated as not having been received and after the Last Date, the portal where e-votes can be cast will be blocked.

15. If you have any queries, please refer to Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the 'downloads' section of www.evoting.nsdl.com.

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013

Material facts relating to entering into the proposed agreements

Approval of the shareholders by way of a special resolution is being sought for the following agreements that the Company is proposing to enter into: (i) the licence for manufacture and sale agreement with Diageo Brands B.V. for the manufacture and distribution of Bottled in India (bulk) products under licence from Diageo Brands B.V. in India; (ii) the licence for manufacture and sale agreement with Diageo North America, Inc. and Diageo Scotland Limited for the manufacture and distribution of Bottled in India (manufactured in India) products under licence from Diageo North America, Inc. and Diageo Scotland Limited, respectively in India; (iii) the distribution agreement with, inter alia, Diageo Brands B.V., Diageo North America, Inc. and Diageo Scotland Limited for the distribution of Bottled in Origin products (manufactured by or on behalf of the relevant Diageo brand owner company) in India; and (iv) the cost sharing agreement with Diageo India Private Limited ("**DIPL**") with respect to the proportionate sharing by the Company and DIPL of the expenses incurred during the transition period on advertising, marketing and promotion activities for alcoholic beverages owned by various Diageo group companies, in India (collectively, the "**Agreements**").

In terms of the applicable provisions of the Companies Act, 2013 (including but not limited to section 188 and the rules made thereunder) and the rules framed thereunder, certain transactions with related parties require the prior approval of the shareholders of the Company by way of a special resolution, provided that such requirement does not apply to any transactions entered into by the Company in its ordinary course of business and on an arm's length basis. However, 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 and regulations issued by the Securities and Exchange Board of India ("**SEBI**"), any material related party transaction, i.e. a transaction to be entered into which individually or together with previous transactions in a given financial year with a related party exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company, requires the approval of the shareholders of the Company by way of a special resolution.

As each of the Company and the counterparties to each of the Agreements described above are ultimate subsidiaries of Diageo plc, they are considered to be related parties under the Companies Act, 2013 as well as under the revised clause 49 of the Listing Agreement.

The Agreements are to be entered into on an arm's length basis. However, since each of the Agreements is for an indefinite term (except the cost sharing agreement, the term of which cannot be ascertained currently) and no monetary value can be ascribed to any of the Agreements, currently, it cannot be ascertained whether the entry into these Agreements, together with other relevant transactions in the current financial year, would result in the above threshold of 10% of the annual consolidated turnover as per the last audited financial statements of the Company being exceeded. Accordingly, the approval of the shareholders by way of a special resolution in respect of the Agreements is being sought by way of abundant caution and as a proactive measure.

The Audit Committee of the Board of Directors of the Company (the "**Audit Committee**"), at its meeting held on October 19, 2014 has, subject to the approval of the Board of Directors of the Company ("**Board**") and its shareholders, approved the drafts of the Agreements. The Audit Committee has independently assessed the nature of the Agreements and the benefits that are likely to accrue to the Company and its shareholders alongside the risks to be undertaken by the Company and has thereafter accorded its approval.

The Board of Directors of the Company, at its meeting held on October 20, 2014, independently assessed the benefits that are likely to accrue to the Company and its shareholders alongside the risks to be undertaken by the Company if the Company enters into the Agreements and has, subject to the approval of the shareholders, approved the drafts of the Agreements that the Company is proposing to enter into with relevant Diageo subsidiaries.

The Agreements are to be entered into on an arm's length basis and all factors relevant to the Agreements have been independently considered by the Board. The Board noted, inter alia, that (i) the Company is a leading alcoholic beverages manufacturer and distributor and the Agreements would enable the Company to be in a position to gain a diverse 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, (ii) the Agreements are value accretive for the Company and are consistent with the Company's strategy to build and extend its competitive advantage in the "Premium and above" market segments.

The rules framed under the Companies Act, 2013 and in particular Rule 15 (3) of the Companies (Meetings of the Board and its Powers) Rules, 2014, require the Company to set out in this explanatory statement, the following details:

(a) Name of the related party –

Contract or Arrangement	Related Parties
Licence to manufacture and sell Bottled in India (bulk) products of Diageo Brands B.V. within India.	Diageo Brands B.V.
Licence to manufacture and sell Bottled in India (manufactured in India) products of Diageo North America Inc. and Diageo Scotland Limited within India.	(1) Diageo North America Inc.; and (2) Diageo Scotland Limited
Agreement to distribute Bottled in Origin products (manufactured by the Diageo Companies) within India.	(1) Diageo Scotland Limited; (2) Diageo Brands B.V.; (3) Diageo North America Inc.; (4) Justerini & Brooks Limited; (5) R & A Bailey & Co.; (6) Diageo Argentina S.A.; (7) Diageo Chateau & Estates Wine Company; (8) Diageo Ireland; and (9) The Old Bushmill's Distillery
Cost sharing agreement	Diageo India Private Limited

(b) Name of the director or key managerial personnel who is related, if any – Mr. Anand Kripalu (Managing Director and Chief Executive Officer), Mr. P.A. Murali (Executive Director and Chief Financial Officer), Dr. Nicholas Bodo Blazquez (Director), Mr. Ravi Rajagopal (Director), being nominees of Relay B.V., an indirect wholly owned subsidiary of Diageo plc.

(c) Nature of relationship - Each of the Company, on the one hand and the counterparties to each of the agreements, on the other, are ultimate subsidiaries of Diageo plc.

(d) Nature, material terms, monetary value and particulars of the contract or arrangement –

Name of the counterparty(ies)	Diageo Brands B.V.	Diageo North America Inc. and Diageo Scotland Limited	(1) Diageo Scotland Limited; (2) Diageo Brands B.V.; (3) Diageo North America Inc.; (4) Justerini & Brooks Limited; (5) R & A Bailey & Co.; (6) Diageo Argentina S.A.; (7) Diageo Chateau & Estates Wine Company; (8) Diageo Ireland; and (9) The Old Bushmill's Distillery (together the "**Diageo Companies**")	Diageo India Private Limited
Nature of the arrangement	Licence to manufacture and sell Bottled in India (bulk) products of Diageo Brands B.V. within India.	Licence to manufacture and sell Bottled in India (manufactured in India) products of Diageo North America Inc. and Diageo Scotland Limited within India.	Agreement to distribute Bottled in Origin products (manufactured by the Diageo Companies) within India.	Cost sharing agreement

Material terms	The Company will manufacture and distribute the following products within India: (a) VAT 69; (b) Haig Gold Label; and (c) Black & White. The Company will abide by the confidentiality, non-compete and protection of intellectual property obligations. The parties to the agreement have provided standard representations, warranties and indemnities that are typical in such agreements.	The Company will manufacture and distribute the following products within India: (a) Smirnoff and related variants; and (b) Captain Morgan rum. The Company will abide by the confidentiality, non-compete and protection of intellectual property obligations. The parties to the agreement have provided standard representations, warranties and indemnities that are typical in such agreements.	The Company will import and distribute, inter alia, the following products within India: (a) Johnnie Walker and related variants; (b) J&B; (c) Ciroc; (d) Baileys; (e) Lagavulin; and (f) Talisker The Company will abide by the confidentiality, non-compete and protection of intellectual property obligations. The parties to the agreement have provided standard representations, warranties and indemnities that are typical in such agreements.	Proportionate sharing by the Company and Diageo India Private Limited of the expenses incurred by Diageo India Private Limited (proportionately adjusted for any direct expenses incurred on relevant trademark advertising, marketing and promotion activity by the Company) during the transition period for advertising, marketing and promotion activities for alcoholic beverages owned by various Diageo brand owner companies in India.
Monetary value	It is not possible to ascribe a monetary value to this agreement at present since it is largely dependent on the volume of sales and the applicable sale price. However, the agreement sets out the principles based on which the monetary value can be arrived at for a particular period. The Company will buy bulk scotch whisky from Diageo Brands B.V. at a price that will be mutually agreed from time to time between the Company and Diageo Brands B.V. in order for USL to achieve an arm's length return.	It is not possible to ascribe a monetary value to this agreement at present since it is largely dependent on the volume of sales and the applicable sale price. However, the agreement sets out the principles based on which the monetary value can be arrived at for a particular period. The Company will pay to Diageo North America Inc. and Diageo Scotland Limited royalty which would be a specified percentage (to be mutually agreed from time to time) of the Company's net sales value of such products in order for USL to achieve an arm's length return.	It is not possible to ascribe a monetary value to this agreement at present since it is largely dependent on the volume of sales and the applicable sale price. However, the agreement sets out the principles based on which the monetary value can be arrived at for a particular period. The Company will buy the products of the Diageo Companies to be distributed in India at a price that will be mutually agreed from time to time between the Company and the Diageo Companies in order for USL to achieve an arm's length return.	It is not possible to ascribe a monetary value to this agreement at present since it is dependent on the expenses incurred by DIPL on advertising, marketing and promotion activities for alcoholic beverages during the transition period.
	Subject to applicable regulations in each state (including relevant state excise regulations) and applicable tender / sale terms of state beverage corporations where relevant, the Company will be entitled to sell the products at such prices and on such commercial terms as it may determine subject to competitive market conditions.	Subject to applicable regulations in each state (including relevant state excise regulations) and applicable tender / sale terms of state beverage corporations where relevant, the Company will be entitled to sell the products at such prices and on such commercial terms as it may determine subject to competitive market conditions.	Subject to applicable regulations in each state (including relevant state excise regulations) and applicable tender / sale terms of state beverage corporations where relevant, the Company will be entitled to sell such products at such prices and on such commercial terms as it may determine subject to competitive market conditions.	

Term and Termination	The agreement is for an indefinite term. Either party has the option to terminate the agreement by giving a prior written notice of 12 months. The parties can also mutually agree to terminate the agreement on such terms and conditions and within such time period as may be mutually agreed. The agreement also contains standard termination provisions in the case of an event of default with specific cure periods. These events of default, inter alia, include material breach of any terms of the agreement or a liquidation event.	The agreement is for an indefinite term. Either party has the option to terminate the agreement by giving a prior written notice of 12 months. The parties can also mutually agree to terminate the agreement on such terms and conditions and within such time period as may be mutually agreed. The agreement also contains standard termination provisions in the case of an event of default with specific cure periods. These events of default, inter alia, include material breach of any terms of the agreement or a liquidation event.	The agreement is for an indefinite term. Either party has the option to terminate the agreement by giving a prior written notice of 12 months. The parties can also mutually agree to terminate the agreement on such terms and conditions and within such time period as may be mutually agreed. The agreement also contains standard termination provisions in the case of an event of default with specific cure periods. These events of default, inter alia, include material breach of any terms of the agreement or a liquidation event.	The agreement will terminate on the last of the agreements entered into with Diageo's current distributor (DIPL) ceasing to be in effect. Therefore, the term of this agreement cannot be ascertained presently.

The Company has developed into an institution with efficient systems, competent management practices and stringent operational control processes and the Agreements are a part of the Company's three year strategic plan to deliver the long term vision of becoming "the most admired, respected and best performing consumer goods company in India". The Agreements have been reviewed and negotiated by the Company in a manner that is beneficial to the Company and its shareholders.

By entering into the Agreements, 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. The Agreements are value accretive for the Company and are consistent with the Company's strategy to build and extend its competitive advantage in the "Premium and above" market segments.

The parties to these Agreements are committed to conduct the transactions contemplated therein on an "arm's length targeted return or margin" for the Company. The relevant arm's length margin for a particular period will be determined based on (i) external comparable benchmarking undertaken by a qualified external independent accounting firm, and (ii) such other data as considered relevant including the forecast operating plan of the Company in respect of the relevant products for the relevant period.

The targeted operating profit margin will be based on the projected operating costs and returns derived by the Company on the achievement of an annual operating plan and will reflect arm's length pricing for the activities to be performed and the risks to be undertaken by the Company.

Upon completion of the transition of the Indian distributorship rights from Diageo's current distributor in India to the Company, the Company will become the exclusive manufacturer and distributor of the products of the relevant Diageo subsidiaries in India.

Further details regarding each of these Agreements proposed to be entered into with the relevant Diageo subsidiaries is set out below for the benefit of the shareholders of the Company:

Licence Agreements

Bottled in India (bulk) ("**BII- Bulk**") licence for manufacture and sale agreement with Diageo Brands B.V. ("**DBBV**").
BII – Bulk is the terminology for Scotch whisky manufactured in India using imported bulk spirit or concentrated alcoholic beverage. The proposed agreement for BII – Bulk brands provides that the Company is to be granted a licence from DBBV to use the relevant trademarks, copyright and know-how in relation to the manufacture of Scotch whisky in India and also for the Company to exclusively distribute such products in India once the transition of the distributorship rights from Diageo's current distributor to the Company is complete.

Under this agreement, no royalty is payable by the Company to DBBV. The Company will purchase and import bulk spirit from DBBV at prices mutually agreed between the Company and DBBV from time to time and then undertake, at its own expense, all manufacturing and distribution activities of Scotch Whisky. The bulk spirit will be sold by DBBV to the Company on standard terms and conditions of sale and at prices mutually agreed between the Company and DBBV.

Bottled in India ("**BII**") (manufactured in India) licence for manufacture and sale agreement with Diageo North America Inc. ("**DNA**") and Diageo Scotland Limited ("**DSL**" and together with DNA, the "**Brand Owners**").

BII (manufactured in India) is the terminology for spirits fully manufactured in India using raw materials procured by the Company (without any direct purchases of raw material from the Brand Owners). The proposed agreement for BII brands provides that the Company is to be granted a licence from each Brand Owner to use the relevant trademarks, copyright and know-how in relation to the manufacture of spirits in India and also for the Company to exclusively distribute such products in India once the transition of the distributorship rights from Diageo's current distributor to the Company is complete.

In terms of the licence agreement for BII, the Company is required to pay the Brand Owners royalty on a quarterly basis for each year. The royalty payment by the Company to each of the Brand Owners for the licence to it of the relevant intellectual property described above will effectively have two (2) components: (i) a fixed component that will be agreed between the parties at the commencement of the agreement, and (ii) a variable component, which will be set at the start of each year in order to deliver an arm's length return based on the forward annual operating plan. The amount of royalty, calculated as a percentage of the net sales value of the products manufactured by the Company for a particular year, will be mutually agreed between the Company and the Brand Owners from time to time.

Distribution Agreement for Bottled in Origin ("**BIO**") brands

BIO is the terminology for brands/products which are imported on a finished goods basis. The proposed agreement for BIO brands provides that the Company is to be appointed as the exclusive importer and distributor for these brands in India once the transition of the distributorship rights from Diageo's current distributor to the Company is complete. Under this agreement, the Company will purchase finished goods from the relevant Diageo brand owner company and will then undertake, at its own expense, all in-market activities necessary to distribute the relevant products in the territory of India.

The products will be sold by the Diageo brand owner companies to the Company on standard terms and conditions of sale and at prices mutually agreed between the Company and the Diageo brand owner companies from time to time.

Cost Sharing Agreement with DIPL

This agreement with DIPL pertains to proportionate sharing by the Company and DIPL of the expenses incurred by DIPL during the transition period for advertising, marketing and promotion activities for alcoholic beverages owned by various Diageo brand owner companies worldwide in India.

The transition of the Indian distributorship rights from DIPL to the Company will occur as part of the annual label registration process undertaken with the State excise bodies. The timelines for both commencing and completing this process vary from State to State, extending from January 2015 through to July 2015 or later. Hence, the transition will take place on a staggered basis and during this "transition period" the manufacturing / distribution rights will progressively switch over from DIPL to the Company. Therefore, a "cost sharing agreement" will be entered into between DIPL and the Company to govern the principles on which common costs such as relevant trademark advertising, marketing and promotional expenses which DIPL will incur on behalf of both parties during the transition period.

Accordingly, the above expenses incurred by DIPL during the transition period are proposed to be shared by them in proportion to the net sales revenue generated by each of them during such period. The Company will make proportionate payment for its share of expenses incurred by DIPL on advertising, marketing and promotional activities for the alcoholic beverages sold by both parties in various States within India.

The Company shall bear a proportionate share of the expenses incurred on advertising, marketing and promotional activities by DIPL in the same proportion to the total expenses incurred by DIPL (proportionately adjusted for any direct expenses incurred on relevant trademark advertising, marketing and promotion activity by the Company) on advertising, marketing and promotional activities for the product during the transition period that the net sales value of the Company for such product during the transition period bears to the aggregate net sales value of such product during the transition period.

Resolution for approval of the aforesaid agreements as above is placed for the approval of the Members.

Mr. Anand Kripalu (Managing Director and Chief Executive Officer), Mr. P.A. Murali (Executive Director and Chief Financial Officer), Dr. Nicholas Bodo Blazquez (Director) and Mr. Ravi Rajagopal (Director) are nominees of Relay B.V., an indirect wholly owned subsidiary of Diageo plc.

Except as mentioned above, none of the other: (i) directors of the Company; (ii) key managerial personnel of the Company; or (iii) relatives of directors or key managerial personnel of the Company, are in any way, concerned or interested (financially or otherwise) in the resolution set out in above.

By order of the Board
For United Spirits Limited

Place : Mumbai
Date : October 20, 2014

V.S. Venkataraman
Company Secretary

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