

# UNITED SPIRITS

A DIAGEO Group Company

## UNITED SPIRITS LIMITED

Registered Office: "UB Tower", No. 24, Vittal Mallya Road, Bangalore - 560001 Tel: 080-39856500; Fax: 080-39856862;  
Corporate Identity Number : L01551KA1999PLC024991; Website: www.unitedspirits.in e-mail: usinvestor@unitedspirits.in

## NOTICE

NOTICE IS HEREBY GIVEN OF THE SEVENTEENTH ANNUAL GENERAL MEETING (AGM) of United Spirits Limited (Company) to be held at 'The Capitol Hotel, No. 3, Raj Bhavan Road, Bangalore-560001' on Thursday, July 14, 2016 at 4.00 p.m. to transact the following businesses.

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) for the financial year ended March 31, 2016 and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Dr. Nicholas Bodo Blazquez (DIN: 06995779), who retires by rotation and being eligible, offers himself for re-appointment.
- 3) Appointment of Price Waterhouse & Co Chartered Accountants LLP (FRN304026E/ E-300009) as Auditors of the Company in place of M/s. BSR & Co. LLP:

To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

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

Special Notice in terms of Section 140(4)(i) read with Section 115 of the Companies Act, 2013.

A special notice in terms of Section 115 has been received in terms of Section 140(4)(i) of the Companies Act, 2013 from a member proposing the appointment of M/s Price Waterhouse & Co Chartered Accountants LLP, Chartered Accountants, as Auditors of the Company in place of M/s B S R & Co LLP who have informed the Company that they do not wish to continue as statutory auditors of the Company with effect from the close of this Annual General Meeting on July 14, 2016.

### SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification, the following Resolutions.

- 4) As an Ordinary Resolution  
Appointment of Mr. Vinod Rao (DIN:01788921) as a Director:

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

- 5) As an Ordinary Resolution

Considering erosion of net worth of the Company as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985:

RESOLVED THAT the Report of the Board of Directors of the Company to the shareholders on erosion of more than fifty percent of the Company's peak net worth during the immediately preceding four financial years by its accumulated losses as on March 31, 2016 and the causes for such erosion, as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, ("SICA") be and is hereby considered and approved subject to the adoption of the Audited Financial Statements (including

## Notice *(continued)*

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

RESOLVED FURTHER THAT in accordance with the requirement of Section 23 of the SICA, the Company shall report to the Board for Industrial and Financial Reconstruction ("BIFR") of the fact that the accumulated losses of the Company as on March 31, 2016 have resulted in erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years.

RESOLVED FURTHER THAT the Board be and is hereby authorised to report the aforesaid erosion to the BIFR and to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient in relation thereto.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director(s) or to any officer(s) of the Company.

By Order of the Board

**V. Ramachandran**  
Company Secretary

Place : Bangalore

Date : June 8, 2016

Notes:

1. Please refer to the explanatory statement given hereunder.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM 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 may be applicable.

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 AGM.

3. The Record date for determining the shareholders who are entitled to vote on the resolutions proposed in this Notice will be July 8, 2016.
4. Members are required to immediately inform the Company's Registrars and Transfer Agents, M/s. Integrated Enterprises (India) Limited (IEIL), #30, Ramana Residency, 4th Cross, Sampige Road, Bangalore - 560 003 (Telephone No. 080 23460815-818 Fax No. 08023460819), in case of shares held in physical form and to the respective Depository Participants, in case of shares held in dematerialized/electronic form:-
  - a) any change in their registered addresses along with PIN Code Number;
  - b) details about their email addresses, if any, so that all notices and other statutory documents which are required to be sent to the Members, as per the provisions of the Companies Act, 2013, can be sent to their email addresses, in furtherance of the "Green Initiatives" introduced by the Ministry of Corporate Affairs (MCA); and
  - c) details about their bank account number, name of bank, bank's branch name and address to enable the Company to draw dividend warrant payable accordingly.
5. Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note 4 above.
6. Members may please address all their documents/ correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note 4 above.
7. Nomination facility for shares held in their name is available for Members. The prescribed form in this regard can be obtained from the Company's Registrars and Transfer Agents at the address as stated in Note 4 above.
8. The Company's equity shares are under compulsory dematerialization. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates

## Notice *(continued)*

are dematerialized. Members with physical share certificates are advised to consider opening a Demat Account with an authorised Depository Participant (DP) and arrange for dematerializing their shareholdings in the Company.

### 9. Unclaimed Dividend:

a) All Unclaimed/Unpaid Dividend upto the financial year ended March 31, 1994, has been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Members who have not encashed the Dividend Warrants for the said period may claim their dividends from the Registrar of Companies-Karnataka, II Floor, E-Wing, Kendriya Sadan, Koramangala, Bangalore-560034.

b) All Unclaimed/Unpaid Dividend for the period from April 1, 1994 to March 31, 2009, required to be transferred to the Investor Education and Protection Fund (Fund) in terms of Section 205C of the Companies Act, 1956, has been transferred to the Fund.

c) In terms of Section 205A and 205C of the Companies Act, 1956 the amount of dividend declared for the financial year ended March 31, 2009 and there after remaining unclaimed for a period of seven years from the due date of payment shall here after be transferred to the Investor Education and Protection Fund.

10. Members may note that once the Unclaimed/ Unpaid Dividend is transferred to the Fund, no claim shall lie against the Fund or the Company in respect of the individual amounts which were Unclaimed and Unpaid for a period of seven years from the dates when they first became due for payment, and as such no payment shall be made in respect of any such claim.

10.A. Details of unclaimed dividend has been uploaded on the Company's website [www.unitedspirits.in](http://www.unitedspirits.in).

11. Members attending the AGM are requested to bring with them the following:

- a) Members holding shares in dematerialised form, their DP & Client ID Numbers.
- b) Members holding shares in physical form, their Folio Numbers.
- c) Copy of the Annual Report and Notice, as no copies thereof would be distributed at the AGM.

d) The Attendance Slip duly completed and signed as per the specimen signature lodged with the Company.

The Company would accept only the Attendance Slip from a member physically attending the AGM or from the person attending as a proxy under a valid proxy form registered with the Company in accordance with Note 2. Attendance Slips of Members/ valid proxies not personally present at the AGM or relating to Proxies which are invalid, will not be accepted from any other member/person.

The AGM is for members or their proxies only. Please avoid being accompanied by non-members/ children.

12. The members are requested to post their grievances for speedy redressal to [bglsta@integratedindia.in](mailto:bglsta@integratedindia.in) / [uslinvestor@unitedspirits.in](mailto:uslinvestor@unitedspirits.in).

13. 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 AGM.

14. The details required to be given in pursuance of Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 in case of directors being appointed/ re-appointed are given in the Corporate Governance Section of the Annual Report and reproduced as part of the Explanatory Statement.

15. In compliance with the provisions of Section 108 of the Companies Act, 2013 and 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 17th AGM by electronic means and the business may be transacted through Electronic Voting (e-voting) services provided by Central Depository Services Limited[CDSL].

16. The facility for voting, shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting can exercise their vote at the meeting.

17. Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.



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18. The instructions for shareholders voting electronically are as under:

A. Members whose shareholding is in the dematerialised form and whose e-mail addresses are registered with the Company / Depository Participants will receive an e-mail informing User ID and Password.

(i) The e-voting period begins on July 11, 2016 at 9.00 a.m. and ends on July 13, 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 8, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other

[www.evotingindia.com](http://www.evotingindia.com).

(iii) Click on the link "Shareholders/Members".

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN (Electronic Voting Sequence Number) for the United Spirits Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that

## Notice *(continued)*

you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out a print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com),

under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

(xx) Individual shareholders (non-corporate shareholders) can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30 June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

B. For Members whose shareholding is in the Dematerialisation form and whose e-mail address is not registered with the Company/ Depository Participants, Members holding shares in Physical form as well as those Members who have requested for a physical copy of the Notice and Annual Report, the following instructions may be noted:

- (i) Initial password is provided at the bottom of the Attendance Slip for the AGM: EVSN (Electronic Voting Sequence Number) USER ID and PASSWORD;
- (ii) Please follow all steps from Note 18.A above to cast your vote.

19. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the 'downloads' section of [www.evotingindia.com](http://www.evotingindia.com).

20. 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.

21. If you are already registered with CDSL for e-voting, then you can use your existing user ID and password for casting your vote and for others a separate user ID and password is provided.

22. 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).

23. The voting rights of Members shall be in proportion to their shareholding in the Company as on the cut-off date, i.e., July 8, 2016.



## Notice *(continued)*

24. Mr. Sudhir V Hulyalkar, Company Secretary in Practice (CP - 6137); Address: 16/8, Ground Floor, 2nd Cross, Gupta Layout, South End Road (Near South End Circle), Basavanagudi, Bangalore 560 004 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
25. The Scrutinizer shall, not later than two days after the conclusion of the AGM, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorized by him and the Company will declare the results of the voting forthwith.
26. The results declared, along with the Scrutinizer's Report will be placed on the Company's website - www.unitedspirits. in and on the website of CDSL immediately after the result is declared by the Chairman or any person authorised by the Company and communicated to the concerned Stock Exchanges.
27. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 a.m. to 5.00 p.m.) on all working days except Saturdays, up to and including the date of the AGM of the Company.
28. The Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.

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

#### **Item No. 3: Appointment of PWC & Co., LLP as Auditors in place of M/s. BSR & Co. LLP:**

M/s BSR & Co. LLP, Chartered Accountants, the existing Statutory Auditors of the Company were appointed as Auditors of the Company by the Members to hold office from the conclusion of the fourteenth Annual General Meeting till the conclusion of the nineteenth Annual General Meeting. By their letter dated June 8, 2016,

M/s BSR & Co. LLP, Chartered Accountants have informed the Company that they do not wish to continue as Auditors of the Company with effect from the conclusion of this Annual General Meeting to be held on July 14, 2016. Accordingly, the ratification of their appointment at the ensuing 17th AGM of the Company cannot be considered by the Members.

At the Meeting held on June 8, 2016, the Board of Directors have recommended the appointment of M/s Price Waterhouse & Co Chartered Accountants LLP, (FRN 304026E/ E-300009) as Statutory Auditors of the Company, in place of M/s.B S R & Co. LLP, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 22nd AGM on remuneration to be fixed by the Board of Directors, subject to the approval of the Members.

The resolution under this item seeks the approval of the Members for the said appointment of auditors. None of the Directors or Key Managerial Personnel of the Company or their respective relatives are concerned or interested in this resolution.

Your Directors recommend the ordinary resolution set forth in Item No. 3 for your approval.

#### **Item No. 4: Appointment of Mr. Vinod Rao as a Director:**

Mr. Vinod Rao (Mr. Rao) was appointed as an Additional Director with effect from May 24, 2016, in accordance with the provisions of sections 149, 152, 160 and 161 of the Companies Act, 2013 and the Articles of Association of the Company. In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Vinod Rao will hold office up to the date of this AGM i.e., up to July 14, 2016. The Board has received notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose Mr. Rao's appointment.

No director, key managerial personnel or their respective relatives, except Mr. Vinod Rao, to whom the resolution relates, is interested or concerned, financially or otherwise, in the resolution. Mr. Vinod Rao does not hold, by himself or for any other person on a beneficial basis, any shares in the Company.

Your Directors recommend the ordinary resolution set forth in Item No. 4 for your approval.

## Notice *(continued)*

### **Item No.5: 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 Reconstruction ("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 duly audited accounts. 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, 2016, which are subject to approval and adoption by the shareholders of the Company at this Annual General Meeting, the accumulated losses of the Company as at March 31, 2016 is about seventy one percent of its peak net worth during the

four financial years preceding the financial year ended March 31, 2016. A report of the Board of Directors on such erosion and the causes of such erosion, which are historical in nature, is enclosed with this notice.

Accordingly, the members are requested 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, if applicable.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives are concerned and/or interested, financially or otherwise, in the proposed Resolution.

Your Directors recommend the above resolution for your approval.

By Order of the Board

**V. Ramachandran**  
**Company Secretary**

Place : Bangalore

Date : June 8, 2016



## Notice *(continued)*

### **Additional information on directors recommended for appointment / re-appointment required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

#### **Dr Nicholas Bodo Blazquez (DIN: 06995779)**

Dr. Nicholas Bodo Blazquez (Dr. Blazquez) graduated from the University of Aberdeen with a Bachelor of Science majoring in anatomy. He has



Ph.D. from the University of Bristol specialized in reproductive physiology.

Dr. Blazquez is President of Diageo Asia Pacific and Africa and a member of the global Executive Committee of Diageo plc, the world's leading premium drinks company. He is responsible for all of Diageo plc's businesses in Asia Pacific, Africa and Global Travel.

Dr. Blazquez has been with Diageo for over 25 years, covering leadership roles in Africa, Asia and Europe. His previous roles include President of Diageo Africa, Turkey, Russia and Central and Eastern Europe and Global Sales, President of Diageo Africa, Managing Director of Diageo Africa, Managing Director of Diageo Asia Key Markets covering Thailand, Japan, South Korea and Taiwan and Managing Director of Diageo Morgan Furze (UK). He is also a Trustee of Mercy Corps, an international development organization that helps people around the world survive and thrive after conflict, crisis and natural disaster.

Dr. Blazquez does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Dr. Blazquez is not a Director in any other Indian Company and is not related to any other Director of the Company.

Dr. Blazquez has been appointed as Vice Chairman of the Company and as a member of the Audit Committee and Nomination and Remuneration Committee of the Company.

#### **Mr. Vinod Rao (DIN 01788921)**



Mr. Vinod Rao (Mr. Rao) has 30 years of professional experience in Asia/Middle East spanning three global companies – Akzo Nobel India Limited (previously known as ICI India), PepsiCo and Diageo, across a diverse range of businesses such as FMCG, consumer durables, and chemical and industrial products.

Mr. Rao is a Bachelor of Commerce from Madras University, a Member of the Institute of Chartered Accountants of India and attended a Senior Executive Program from London Business School.

Mr. Rao joined Diageo in July 2013 as Finance Director of Asia Pacific responsible for all aspects of the finance function comprising performance management, compliance and regional strategy for the region.

Prior to that, Mr. Rao spent 14 years at PepsiCo across India, China and Hong Kong with his last role being CFO, PepsiCo Asia Pacific. He spent 13 years at ICI India, in his last role there as CFO - Paints. He was responsible for finance, supply chain and procurement functions.

Mr. Rao also represents Diageo as a director in Sichuan Swellfun Co., Ltd., a Public Company in China and other subsidiary companies within Diageo.

Mr. Rao does not hold by himself or for any other person on a beneficial basis, any shares in the Company

Mr. Rao is not a Director in any other Indian Company and is not related to any other Director of the Company.

Mr. Rao has also been appointed as a member of the Audit and Risk Management Committee of the Company.



# Notice *(continued)*

## Annexure 1 to Item No. 5

(Annexure to the Explanatory Statement)

### REPORT TO THE MEMBERS OF UNITED SPIRITS LIMITED ON EROSION OF MORE THAN FIFTY PERCENT 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 and National Stock Exchange of India Limited.

As per the audited annual accounts of the Company for the financial year ended March 31, 2016 (which is proposed to be approved and adopted at this Annual General Meeting by the Members of the Company), due to the historical losses incurred in prior years, the accumulated losses of the Company as on March 31, 2016 continued to exceed more than fifty percent of the peak net worth of the Company during the immediately preceding four financial years.

In terms of the provisions 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 to send to its Members a report as to such erosion and the causes for such erosion, for their consideration within 60 days of finalisation of the duly Audited Accounts.

The details of net worth of the Company for the immediately preceding four financial years (i.e. the financial years 2011-12, 2012-13, 2013-14 and 2014-15) are given hereunder:

Computation of Net worth and peak net worth [as defined in section 3(1)(ga) of the Sick Industrial Companies (Special Provisions) Act, 1985].

₹ in Lakhs

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Paid up Share Capital	13,079.50	13,079.50	14,532.77	14,532.77	14,532.77
Reserves & Surplus	574,769.22	626,116.60	288,693.76	179,674.60	266,189.23
Total	587,848.72	639,196.10	303,226.53	194,207.37	280,722.00
Less:					
Revaluation Reserve	-	-	-	-	-
Capital Redemption Reserve	5,784.60	5,784.60	5,784.60	5,784.60	6,986.46
Contingency Reserve	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00
Foreign Currency Translation Reserve	24,280.44	47,348.54	93,785.34	102,737.89	102,737.89
Net Worth	556,683.68	584,962.96	280,778.74	84,584.88	169,897.65
Peak Net Worth	-	584,962.96	-	-	-
50% of Peak Net Worth	-	292,481.48	-	-	-
Accumulated Losses	-	-	(307,940.41)	(504,545.15)	(418,633.87)
% of accumulated loss	-	-	(52.6%)	(86.3%)	(71.6%)

Therefore, the accumulated losses of the Company as on March 31, 2016 (which is ₹ 4,186.33 crores) is greater than 50% of the peak net worth in the immediately preceding four financial years (i.e. ₹ 5,849.62 crores).

## Notice *(continued)*

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

Though the Company registered a profit after tax of ₹ 981.16 crores for the financial year ended March 31, 2016, due to certain provisions made by the company in the earlier periods inter alia, for (i) diminution in the value of long-term investments in subsidiaries and loans and advances to subsidiaries due to low capacity utilization, negative margins, or strategic shift in business (as detailed in note 28 to the Company's audited financial statements for the year ended March 31, 2015); (ii) diminution in the value of investments and advances in overseas subsidiaries (as detailed in note 27(b) to the Company's audited financial statements for the year ended March 31, 2015) (iii) loss on sale of shares in subsidiaries (as detailed in note 7 to the Company's audited financial statements for the year ended March 31, 2015); (iv) provision on advances to United Breweries (Holdings) Limited (as detailed in note 26(b) to the Company's audited financial statements for the year ended March 31, 2015), v) Profit on sale of manufacturing unit (as detailed in note 27(a) to the Company's audited financial statements for the year ended March 31, 2015); vi) Provision for Doubtful debts, advances and deposits (as detailed in note 18 to the Company's audited financial statements for the year ended March 31, 2015); and vii) Provision for sales and other taxes (as detailed in note 50 to the Company's audited financial statements for the year ended March 31, 2015); the accumulated losses of the Company as on March 31, 2016 continued to exceed more than fifty per cent of the peak net worth of the Company during the immediately preceding four financial years. Full details of the above mentioned provisions were provided in the annual report of the Company for the financial year ended March 31, 2015, and are not repeated in this notice.

### **MANAGEMENT'S OBSERVATIONS AND STEPS TAKEN TO IMPROVE FINANCIAL PERFORMANCE**

The Company reiterates that the provisioning mentioned in earlier years were mainly due to exceptional historical factors and does not reflect upon the long term prospects of the Company. In fact, the Company has generated profits during the year ended March 31, 2016. The financial results of the Company for the year are forming part of the Annual Report sent with this Notice for the Annual General Meeting.

A strategic revenue mix, strengthened by enhanced brand salience, has steered the company's growth charter over the past two years. Your Company is today a market leader by volume and value and armed with the Diageo brand portfolio integration, it holds a place of pride in the Indian alcohol industry, with an outstanding portfolio of reputed brands across key categories and multiple price points.

The company has successfully improved both top line and operating profit in a highly regulated and competitive environment, while further strengthening its core brands. The company's performance in the popular segment reflects its prioritised geographical participation strategy, while its double digit net sales growth in the "Prestige and Above" segment clearly endorses the success of its premiumisation strategy.

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

By Order of the Board

**V. Ramachandran**  
Company Secretary

Place : Bangalore  
Date : June 8, 2016