United Spirits Limited
A public limited company incorporated under the
Companies Act, 1956
Registered Office:
UB Tower, #24, Vittal Mallya Road, Bangalore 560 001
Corporate Identity Number: L01551KA1999PLC024991
Tel: +91 80 39856500 Fax: +91 80 39856862
Email: uslinvestor@unitedspirits.in
Website: www.unitedspirits.in

UNITED SPIRITS

Recommendations of the Committee of Independent Directors (**"IDC"**) pursuant to Regulation 26(7) of Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the **"Takeover Code"**) on the open offer (**"Offer"**) made by Relay B.V. (hereinafter referred to as the **"Acquirer"**) along with Diageo plc (hereinafter referred to as **"Diageo"/"PAC"**) to the public shareholders of United Spirits Limited (**"Target Company"**) for acquisition of up to 37,785,214 Equity Shares (as defined below) representing 26.0% of the Voting Share Capital (as defined below) of the Target Company.

For the purposes of this recommendation:

1) Equity Shares means fully paid-up equity shares of Target Company having a face value of Rs.10/- each.

2) Voting Share Capital means 145,327,743 Equity Shares, being the Equity Shares as of the 10th Working Day following the closure of the tendering period assuming there is no change in the Voting Share Capital between the date of the letter of offer and such date.

1.	**Date**	June 2, 2014
2.	**Name of the Target Company**	United Spirits Limited
3.	**Details of the Offer pertaining to Target Company**	The Offer is being made by the Acquirer and the PAC to the public shareholders of the Target Company to acquire up to 37,785,214 Equity Shares representing 26.0% of the Voting Share Capital at a price of Rs.3,030/- per share (the **"Offer Price"**) in accordance with the Regulation 3(2) of the Takeover Code
4.	**Name(s) of the acquirer and PAC with the acquirer**	Acquirer: Relay B.V. PAC: Diageo plc
5.	**Name of the Managers to the Offer**	1. JM Financial Institutional Securities Limited SEBI Registration Number: INM000010361 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Tel: +91 22 6630 3030 Fax: +91 22 6630 3330 Contact Person: Ms. Lakshmi Lakshmanan Email: lakshmi.lakshmanan@jmfl.com 2. HSBC Securities and Capital Markets (India) Private Limited SEBI Registration Number: INM000010353 52 / 60 MG Road, Fort, Mumbai 400 001 Tel: +91 22 2268 1840 Fax: +91 22 2263 1984

		Contact Person: Mr. Ravi Thanvi Email: uslopenoffer@hsbc.co.in
6.	**Members of the Committee of Independent Directors**	Mr. Ghyanendra Nath Bajpai - (Chairman of IDC); Mr. Arunkumar Ramanlal Gandhi, Mr. Sudhakar Rao, Mr. Sivanandhan Dhanushkodi and Mr. Vikram Singh Mehta
7.	**IDC member's relationship with the Target Company (Director, Equity Shares owned, any other contract / relationship), if any**	All the members of the IDC are duly appointed independent directors of Target Company. None of the members of the IDC hold any shares in the Target Company. Other than their position as director of the Target Company, none of the members of IDC: (i) have any relations with the Target Company's other Directors; and (ii) have any contracts/ relationship with the Target Company
8.	**Trading in the Equity Shares/other securities of the Target Company by IDC members**	None of the members of IDC have traded in the shares and other securities of the Target Company in the last twelve months.
9.	**IDC member's relationship with the acquirer (Director, equity shares owned, any other contract / relationship), if any.**	None of the members of IDC: (i) are directors of Acquirer or PAC; (ii) hold any shares or other securities of Acquirer or PAC; and (iii) have any contracts/ relationship with Acquirer, PAC or their respective directors.
10.	**Trading in the equity shares/other Securities of the acquirer by IDC members**	None of the members of IDC have ever traded in the shares/other securities of the Acquirer or PAC.
11.	**Recommendation on the open offer, as to whether the offer is fair and reasonable**	IDC believes that the open offer is fair and reasonable
12.	**Summary of reasons for recommendation** IDC has reviewed (a) the public announcement in connection with the Offer dated April 15, 2014 issued on behalf of the Acquirer and the PAC (the **"Public Announcement"** or **"PA"**); (b) the detailed public statement in connection with the Offer, published on behalf of the Acquirer and the PAC on April 23, 2014 (the **"DPS"**); (c) the draft Letter of Offer (**"DLOF"**) dated April 28, 2014; (d) the corrigendum in connection with the Offer, published on behalf of the Acquirer and the PAC on May 26, 2014 (the **"Corrigendum"**); and (e) the Letter of Offer ("**LOF**") dated May 27, 2014. IDC has taken into consideration the following for making this recommendation: (i) The Offer Price offered by the Acquirer and PAC is at a premium of 20.0% to the minimum price payable in terms of Regulation 8(2) of the Takeover Code based on the highest of various applicable parameters (the highest applicable parameter being the volume weighted average market price per Equity Share for a period of sixty trading days immediately	

	preceding the date of the PA as traded on the National Stock Exchange of India Limited ("**NSE**")). (ii) The Offer Price represents a premium of 18.49% to the closing price of the Equity Shares on the NSE (Rs 2,557.25), on April 11, 2014, i.e. one working day prior to the date on which the PA was issued on behalf of the Acquirer and the PAC. (iii) The Offer Price is also at a premium of 8.20% to the highest ever closing price of the Equity Shares on the NSE up to the date of the PA (Rs 2,800.35). (iv) Citigroup Global Markets India Private Limited has provided an opinion on June 2, 2014 to the IDC that the Offer Price is fair from a financial point of view to the public shareholders of the Target Company. Based on the above, IDC is of the opinion that the Offer Price to the public shareholders of the Target Company is in compliance with the requirements of the Takeover Code and is fair and reasonable. However, the shareholders should independently evaluate the offer and take an informed decision in the matter.	
13.	**Details of Independent Advisors, if any**	Citigroup Global Markets India Private Limited
14.	**Any other matter(s) to be highlighted**	Nil

"To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by Target Company under the Takeover Code."

For and on behalf of the Committee of Independent Directors of **UNITED SPIRITS LIMITED**

Sd/
GHYANENDRA NATH BAJPAI
CHAIRMAN - COMMITTEE OF INDEPENDENT DIRECTORS

Place: Mumbai
Date: June 2, 2014