

**DIAGEO**

INDIA

United Spirits Limited

Registered Office:  
UB Tower  
#24 Vittal Mallya Road  
Bengaluru 560 001

Tel: +91 80 2221 0705  
Fax: +91 80 3985 6862  
www.diageoindia.com

July 25, 2019

1. National Stock Exchange of India Limited  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex, Bandra (East)  
Mumbai - 400 051  
Scrip Code: MCDOWELL-N
2. BSE Limited  
(Regular Office & Corporate Relations Dept)  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001  
Scrip Code: 532432

Sir/Madam,

**Sub: Disclosure of information pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and the SEBI Circular CIR/CFD/CMD/4/2015 dated September 9, 2015, we enclose necessary details regarding Notice of the 20th Annual General Meeting (AGM) dispatched to shareholders, Debenture Trustees and Auditors on July 25, 2019. Necessary intimation by way of advertisement in the newspapers is being issued pursuant to Regulation 47 of the SEBI Listing Regulations.

Thanking you,

Yours faithfully,  
for **United Spirits Limited**



**V Ramachandran**  
Company secretary



**ANNEXURE A**

**A. Date of Notice:** July 22, 2019

**B. Brief details viz. Agenda to be taken up, resolution to be passed etc:**

**1. To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) for the financial year ended March 31, 2019 and the Report of the Directors and Auditors thereon.**

Details are provided in the Notice enclosed below

**2. To appoint a Director in place of Mr Vinod Rao (DIN 01788921), who re-appoints by rotation and being eligible, offers himself for re-appointment.**

Details are provided in the Notice enclosed below

**3. Re-Appointment of Mr Anand Kripalu (DIN: 00118324) as a Managing Director and Chief Executive Officer of the Company for a further period of three years:**

Details are provided in the Notice enclosed below

**4. Re-Appointment of Mr Sivanandhan Dhanushkodi (DIN: 03607203) as an Independent Director for a further period of five years:**

Details are provided in the Notice enclosed below

**5. Re-Appointment of Mr Mahendra Kumar Sharma (DIN: 00327684) as an Independent Director for a further period of five years:**

Details are provided in the Notice enclosed below

**6. Re-Appointment of Mr Rajeev Gupta (DIN: 00241501) as an Independent Director for a further period of five years:**

Details are provided in the Notice enclosed below

**7. Re-Appointment of Ms Indu Ranjit Shahani (DIN: 00112289) as an Independent Director for a further period of five years:**

Details are provided in the Notice enclosed below

**8. Approval for Granting Loans and Guarantees to Pioneer Distilleries Limited.**

Details are provided in the Notice enclosed below



**C. Manner of Approval proposed:** Resolution 1 and 2 above shall be by Ordinary Resolution and from 3 to 8 by Special Resolution

Enclosed - Notice of the AGM referred to above

A handwritten signature in blue ink, consisting of a stylized initial 'R' followed by a long, sweeping horizontal line that tapers to the right.

**UNITED SPIRITS LIMITED**

Registered Office: "UB Tower", No. 24, Vittal Mallya Road, Bengaluru – 560 001  
Tel: 080-39856500; Fax: 080-39856862; Corporate Identity Number: L01551KA1999PLC024991  
Website: www.diageoindia.com e-mail: Investor.India@diageo.com

**NOTICE**

NOTICE IS HEREBY GIVEN OF THE TWENTIETH ANNUAL GENERAL MEETING (AGM) of United Spirits Limited (Company) to be held at Vivanta by Taj, No. 3, 41/3, M. G. Road, Bengaluru – 560 001 on Wednesday, August 21, 2019 at 3:30 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, 2019 and the Report of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr Vinod Rao (DIN 01788921), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

- 3) Re- Appointment of Mr Anand Kripalu (DIN: 00118324) as a Managing Director and Chief Executive Officer of the Company for a further period of three years:

**As a Special Resolution**

RESOLVED that subject to the provisions of Sections 196 and 197, read with Schedule V and other applicable provisions of the Companies Act, 2013, or any statutory modification or re-enactment thereof, Mr. Anand Kripalu, be and is hereby re-appointed as Managing Director and Chief Executive Officer of the Company with effect from August 14, 2019 for a period of three years (upto August 13, 2022), on the following terms and conditions :

|   |                          |   |
|---|--------------------------|---|
| 1 | <i>Salary</i>            | Basic Salary of Rs.21,42,000/- per month (as against Rs.26,33,890/- per month previously approved), with such increments as may be determined by the Board of Directors of the Company from time to time, in the salary range of Rs. 20,00,000/- to Rs. 35,00,000/- per month and with proportionate increase in all benefits related to the quantum of salary. |
| 2 | <i>Special Allowance</i> | Special Allowance at the rate of 50% of the proposed basic salary per month. This will be taken into account for calculation  |

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|   |  | of Provident Fund, Gratuity, Superannuation Benefits and Annual Incentive Plan or equivalent.  |
| 3 | <i>Personal Allowance</i>                            | Rs.9,44,400/- per month in the range of Rs. 9,00,000/- to Rs. 16,00,000/- per month.   |
| 4 | <i>Annual Incentive Plan (AIP) or equivalent</i>     | As per the rules framed by the Company in this regard and is variable in nature depending on individual and company performance parameters.  |
| 5 | <i>Long Term Incentive Plan (LTIP) or equivalent</i> | Diageo Executive Long Term Incentive Plan (DELTIP), or equivalent; and United Spirits Stock Appreciation Rights Plan as per the rules framed by the Company in this regard.  |
| 6 | <i>Perquisites</i>                                   | <p>i) Housing – Furnished/ unfurnished residential accommodation or house rent allowance of maximum of 50% of basic salary in lieu thereof. The expenditure incurred by the Company on gas, electricity and water shall be valued as per the Income Tax Rules, 1962.</p> <p>ii) House Maintenance, Repairs and Painting at actuals as per the Company's policy.</p> <p>iii) LTA of Rs. 15,500/- per month as per Rules of the Company, as applicable.</p> <p>iv) National Pension Scheme (NPS) - Contribution or allowance of 10% Basic Salary per month as per the Company's rules.</p> <p>v) Medical Reimbursement – Expenses incurred for Mr Kripalu and his family on actuals, as per the rules of the Company, as applicable.</p> |

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|  | <p>vi) Club Fees – Fees of clubs subject to a maximum of two clubs. This will include admission and corporate annual membership fees.</p> <p>vii) Group Medclaim Policy – Hospitalisation expenses for Mr Kripalu and his family on actuals as per rules of the Company and as applicable to employees of his grade.</p> <p>viii) Group Term Life Insurance – Life insurance for Mr Kripalu as applicable to employees of his grade and as per rules of the Company.</p> <p>ix) Personal Accident Insurance – Accident Insurance for Mr Kripalu as applicable to employees of his grade and as per rules of the Company.</p> <p>x) Provident Fund – The Company’s contribution to Provident Fund shall be as per the Scheme of the Company, as applicable.</p> <p>xi) Superannuation/Annuity Fund – The Company’s contribution to Superannuation or Annuity Fund shall be in accordance with the Scheme of the Company, as applicable.</p> <p>xii) Gratuity – Payable in accordance with the Rules of the approved Fund of the Company, as applicable.</p> <p>xiii) Encashment of leave not availed – As per the Rules of the Company, as applicable.</p> <p>xiv) Provision of cars, cell phone and telephone (at the residence) – Provision of two Company cars with drivers and actual fuel; two mobile phones’ expenditure, two telephones at residence including internet broadband expenditure as per the Company’s policy.</p> <p>xv) Tax preparation services – Consulting services cost for filing tax returns payable at actuals.</p> <p>xvi) Such other benefits, amenities, facilities and perquisites as per the rules</p> |
|--|--|

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|  | <p>of the Company, as applicable and as may be permitted by the Board of Directors of the Company.</p> |
|--|--|

Resolved Further that the actual remuneration within the above range as recommended by the Nomination and Remuneration Committee and as approved by the Board of Directors, from time to time shall remain unchanged unless modified by the Board of Directors.

**RESOLVED FURTHER THAT** all other existing terms and condition of appointment and remuneration shall remain unchanged unless otherwise modified by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary for obtaining necessary approvals in relation to the above and to execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of its powers herein conferred to any Director, Company Secretary or any other officer(s) of the Company”.

4) Re-Appointment of Mr Sivanandhan Dhanushkodi (DIN: 03607203) as an Independent Director for a further period of five years:

**As a Special Resolution**

**RESOLVED THAT** pursuant to provision of Section 149, 150(2), 152 and any other applicable provision of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV of the Companies Act, 2013 Mr Sivanandhan Dhanushkodi (DIN: 03607203) who was appointed as an Independent Director of the Company on September 30, 2014 and whose first term of five years expires on September 29, 2019, be and is hereby re-appointed as Independent Director of the Company for a further period of 5 years wef September 30, 2019 to September 29, 2024 and who shall not be subject to retirement by rotation.

**RESOLVED FURTHER THAT** remuneration payable to Mr Sivanandhan Dhanushkodi be in terms of Resolution no 4 of the Postal Ballot resolutions approved by the members of the Company effective January 18, 2019.

5) Re- Appointment of Mr Mahendra Kumar Sharma (DIN: 00327684) as an Independent Director for a further period of five years:

**As a Special Resolution**

**RESOLVED THAT** pursuant to provision of Section 149, 150(2), 152 and any other applicable provision of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV of the Companies Act, 2013. Mr Mahendra Kumar Sharma (DIN: 00327684) who was appointed as an Independent Director of the Company on April 01, 2015 and whose first term of five years expires on March 31, 2020, be and is hereby re-appointed as Independent Director of the Company for a period of 5 years wef April 1, 2020 to March 31, 2025 and who shall not be subject to retirement by rotation.

**RESOLVED FURTHER THAT** remuneration payable to Mr Mahendra Kumar Sharma be in terms of Resolution no 4 of the Postal Ballot resolutions approved by the members of the Company effective January 18, 2019.

- 6) Re-Appointment of Mr Rajeev Gupta (DIN: 00241501) as an Independent Director for a further period of five years:

**As a Special Resolution**

**RESOLVED THAT** pursuant to provision of Section 149, 150(2), 152 and any other applicable provision of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV of the Companies Act, 2013. Mr Rajeev Gupta (DIN: 00241501) who was appointed as an Independent Director of the Company on December 23, 2014 and whose first term of five years expires on December 22, 2019, be and is hereby re-appointed as Independent Director of the Company for a period of 5 years wef December 23, 2019 to December 22, 2024 and who shall not be subject to retirement by rotation.

**RESOLVED FURTHER THAT** remuneration payable to Mr Rajeev Gupta be in terms of Resolution no 4 of the Postal Ballot resolutions approved by the members of the Company effective January 18, 2019.

- 7) Re-Appointment of Ms Indu Ranjit Shahani (DIN: 00112289) as an Independent Director for a further period of five years:

**As a Special Resolution**

**RESOLVED THAT** pursuant to provision of Section 149, 150(2), 152 and any other applicable provision of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment

thereof for the time being in force read with Schedule IV of the Companies Act, 2013. Ms Indu Ranjit Shahani (DIN: 00112289) who was appointed as an Independent Director of the Company on September 30, 2014 and whose first term of five years expires on September 29, 2019, be and is hereby re-appointed as Independent Director of the Company for a period of 5 years wef September 30, 2019 to September 29, 2024 and who shall not be subject to retirement by rotation.

**RESOLVED FURTHER THAT** remuneration payable to Ms Indu Ranjit Shahani be in terms of Resolution no 4 of the Postal Ballot resolutions approved by the members of the Company effective January 18, 2019.

8. Approval for Granting Loans and Guarantees to Pioneer Distilleries Limited.

**As a Special Resolution**

**RESOLVED THAT** in supersession of existing approvals and pursuant to the provisions of Section 185 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and other laws, and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent and approval of the members of the Company be and is hereby accorded to the Company, to give loans to Pioneer Distilleries Limited ("PDL"), a Subsidiary of the Company, up to an aggregate limit of Rs. 485 crores (Rupees Four Hundred and Eighty Fifty Crores only), including the existing loans already approved and/or granted to PDL, in one or more tranches, such loan having a repayment period of a maximum of five years or such other periods and at such interest rates and other terms as may be agreed to between the Company and PDL from time to time.

**RESOLVED FURTHER** that approval be and are hereby given for providing guarantee in connection with a loan or towards any other obligation upto an aggregate amount of Rs 350 crores (Rupees Three Hundred and Fifty Crores only) including any existing guarantees already provided to PDL, in one or more tranches, at a guarantee commission/ fee, as may be mutually agreed to between the Company and PDL from time to time, which shall be in the range of 0.25% pa to 0.75% pa of the guarantee amount.

**RESOLVED FURTHER THAT** the Board of Directors of the Company is hereby authorised to do all such acts,

matters, deeds and things as may be necessary, expedient or desirable and to execute the documents, deeds or writings required to be made and to do all acts, deeds and things as it may in its absolute discretion deem necessary, proper or desirable, including to settle any question, difficulty or doubt that may arise in respect of such loans.

**RESOLVED FURTHER THAT** the Board of Directors 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 above resolution and all actions taken by the Board of Directors or its delegates in connection with any matter(s) in respect of the existing loans be and are hereby approved, ratified and confirmed in all respects.”

By Order of the Board

**V. Ramachandran**  
**Executive Vice- President**  
**& Company Secretary**

Place : Mumbai

Date : July 22, 2019

**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 Transfer Books and Register of Members will be closed from August 15, 2019 to August 21, 2019 (both days inclusive).

4. Members are required to immediately inform the Company's Registrars and Transfer Agents, Integrated Registry Management Services Private Limited (IRMSPL) formerly known as Integrated Enterprise (India) Limited, #30, Ramana Residency, 4th Cross, Sampige Road, Bengaluru – 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;
- 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, 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 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. Members may please note that effective April 1, 2019 transfer of shares are not permitted through physical mode pursuant to SEBI notification dated June 8, 2018.

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, Bengaluru – 560 034.
- b) All Unclaimed/Unpaid Dividend for the period from April 1, 1994 to March 31, 2011, required to be transferred to the Investor Education and Protection Fund (Fund) in terms of Section 205C of the Companies Act, 1956, have been transferred to the Fund pursuant to the provisions of Companies Act, 1956.
- c) In terms of Section 125 of the Companies Act, 2013 the amount of dividend declared for the financial year ended March 31, 2011 and thereafter remaining unclaimed for a period of seven years from the due date of payment has been transferred to the Investor Education and Protection Fund.
10. Members may note that the Unclaimed/ Unpaid Dividend which are transferred to the Fund, their 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 such payment shall be made in respect of any such claim by submitting an application in form IEPF 5 to Ministry of Corporate Affairs (MCA) available on website [www.iepf.gov.in](http://www.iepf.gov.in).
- Details of unclaimed dividend has been uploaded on the Company's website [www.diageoindia.com](http://www.diageoindia.com).
11. Members attending the AGM are requested to bring with them the following:
- a) Members holding shares in dematerialized 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)/ [investor.india@diageo.com](mailto:investor.india@diageo.com)
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 is given in 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 20th AGM by electronic means and the business may be transacted through Electronic Voting (e-voting) services provided by Central Depository Services (India) Limited [CDSL].
16. 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.
18. The instructions for shareholders voting electronically area 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 login details



## NOTICE (CONTIUNED)

**DIAGEO**  
INDIA

- (i) The e-voting period begins on August 18, 2019 at 9.00 a.m and ends on August 20, 2019 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 August 14, 2019, 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 below: [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on 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 other company, then your existing password is to be used.
  - (vii) If you are a first time user follow the steps given below:

|  |   |
|--|---|
| PAN  | <p>For members holding shares in Demat Form and Physical Form</p> <ul style="list-style-type: none"><li>• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li><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 letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li></ul> |
| Dividend Bank details or Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both 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).</p>   |

- (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 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 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 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 changed login 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) 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. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) A. Note for Non-Individual Shareholders and Custodians.

- a. 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.
- b. 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).
- c. 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.
- d. The list of account(s) 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.
- e. 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.

(xx) 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).

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) login details is provided at the bottom of the Attendance Slip for the AGM: EVSN (Electronic Voting Sequence Number);
- (ii) Please follow all steps from Note 18A above to cast your vote.

19. The voting rights of members shall be in proportion to their shareholding in the Company as on the beginning of the book closure date i.e., 15th August, 2019.
20. 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, Bengaluru 560 004 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
21. The Scrutinizer shall, not later than 48 hours 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.
22. The results declared along with the Scrutinizer's Report will be placed on the Company's website - [www.diageoindia.com](http://www.diageoindia.com) 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.
23. All documents referred to in the accompanying Notice if any 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. Saturdays and Sundays are non-working days for the Company.
24. 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.
25. Arrangement of Webcast : We have also made arrangements to vote thru insta poll online at the AGM venue on August 21, 2019. In addition we have also made arrangements to the shareholders to view the webcast

of the proceedings of the Annual General meeting. to be held on 21 August 2019 from 3.30 p.m. onwards. Shareholders who cannot attend the Meeting may avail this facility by browsing the link “www.evotingindia.com” and clicking on “Shareholders / Members” tab. Please enter your 16 digit demat account (in case of demat holding) or 7 digit folio details (in case of Physical holding) and then enter the Characters displayed on the screen. After this you need to enter the details as asked by the system and then you will reach at the link “live streaming” from where you can ONLY VIEW the proceeding of our Annual General Meeting. In case you face any difficulty in viewing the meeting please contact the service provider - Central Depository Services Limited on phone number 1800225533 for assistance.

**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013 including Additional information on directors recommended for re-appointment required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**1. Item 2 of Notice - Re-Appointment of Mr Vinod Rao**

Vinod Rao has 30 years' professional experience in Asia / Middle East spanning three global companies – Akzo Nobel India Limited (previously known as ICI India), PepsiCo and Diageo - in sectors such as FMCG, consumer durables and chemical and industrial products. Mr. Rao holds a Bachelor of Commerce from Madras University and is a member of the Institute of the Chartered Accountants of India and attended a Senior Executive Programme from London Business School. He joined Diageo in July 2013 as Finance Director of Asia Pacific. Mr. Rao also represents Diageo as director in Shui Jing Fang, a public company in China and other subsidiary companies within Diageo. He is having expertise in the field of Finance, Accounting and Treasury.

Mr Vinod Rao is not related to any other Director and does not hold any shares in the Company. He is a member of the Audit Committee of the Company and does not hold any Directorship in any other Indian Listed Company. No other Director is interested in this resolution. Board of Directors recommend passing of this resolution.

**2. Item 3 of Notice - Re-Appointment of Mr. Anand Kripalu**

Mr Anand Kripalu was appointed as Managing Director and Chief Executive Officer (MD & CEO) for a period of five years effective August 14, 2014. His first term therefore comes to an end on August 13, 2019. Mr Kripalu was re-appointed as MD and CEO for a further period of 3 years

from August 14, 2019 upto August 13, 2022.

The Nomination and Remuneration Committee has reviewed this matter and recommended the reappointment to the Board of Directors. The Board of Directors have approved the same at the meeting held on May 29, 2019.

- II. Other disclosures to be provided in terms of Sections 196 to 198 read with Schedule V and applicable Rules under the Companies Act and SEBI Regulations, as the case may be are given below.

**A. General Information:**

- i. Nature of industry: Alcoholic Beverages
- ii. Date or expected date of commencement of commercial production: Existing Company
- iii. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable, Existing Company
- iv. Financial performance based on given indicators: The Key Financial Parameters of the Company as on March 31, 2019 is given below :

| Particulars                               | Rupees in millions Amount |
|---|---------------------------|
| Gross Sales                               | 285,123                   |
| Profit/Loss from operations               | 11,626                    |
| Exceptional and other non-recurring items | (267)                     |
| Less :                                    |                           |
| Depreciation                              | 1,445                     |
| Taxation (including deferred tax)         | 3,328                     |
| Profit/(Loss) after tax                   | 6,586                     |

- v. Foreign investments or collaborations: Company is a subsidiary of Diageo plc (through Relay BV), which owns 54.78% of the paid-up equity capital of the Company.

**B. Brief note about Mr Anand Kripalu:**

- i. **Background Details :** Mr Anand Kripalu is a B.Tech from IIT Madras and MBA from IIM Kolkata and has done an Advance Management Programme in Wharton Business School. He has an experience of more than three decades in various industries.

- ii. **Past Remuneration:** The remuneration drawn by Mr Kripalu in the preceding three financial years 2016-17, 2017-18 and 2018-19 is given below :

| SL. NO | Financial Year | Name of the Company    | Remuneration (Amt in Rs.) |
|--------|----------------|------------------------|---------------------------|
| 1      | 2016-17        | United Spirits Limited | 127,843,692               |
| 2      | 2017-18        | United Spirits Limited | 129,848,574               |
| 3      | 2018-19        | United Spirits Limited | 153,051,005               |

- iii. **Recognition or Awards/Achievements:** Mr. Kripalu has over 30 years of experience in the Indian consumer goods market. He formerly held the position of President, India and South Asia at Mondelez International, and Managing Director of Cadbury India Ltd. for eight years. In this position, Mr. Kriplau played a key role in leading Mondelez in India after the Cadbury acquisition by Kraft. He has also acquired significant experience on his stint with Unilever for 22 years. He joined Unilever in 1983 through the erstwhile Indian division of Chesebrough Ponds and went on to hold several key positions in Sales and Marketing.

One of his key achievements during his tenure at Unilever was the setting up of the Dental Innovation Centre in Mumbai. He has held several key positions such as Head of Market Research, Head of Marketing for the Laundry category for India and the Central Asia Middle East Region, and General Manager – Sales & Customer Development for the Detergent business. In his last assignment as Managing Director for Unilever’s East Africa operations, Mr. Kripalu turned around a loss making business to deliver double-digit growth.

In 2009-10 he chaired the CII National FMCG Committee. He has been on the Managing Committee of the Bombay Chamber of Commerce and Industry and on the National Executive Committee of FICCI. Recently, he was appointed as a member of the Board and Governors of Indian Institute of Management, Jammu.

**Job profile and his suitability:** In his current position his task is to transform the company, making it one of the most trusted and respected consumer goods company. His focus has been around transformation of corporate citizenship as well as ethical standards in the industry. Mr Kripalu is well qualified and experienced to steer the Company to greater heights as has been demonstrated in the achievements in the last three years as per the financial performances given below;

| Financial Year | Gross Sales     | Profit After Tax | Market Capitalisation |
|----------------|-----------------|------------------|-----------------------|
| 2018-19        | Rs 282,791 Mns  | Rs 6,586 Mns     | Rs. 39,244 Crs        |
| 2017-18        | Rs. 258,715 mns | Rs.5,617 mns     | Rs. 45,425 Crs        |
| 2016-17        | Rs. 252,947 mns | Rs.1699 mns      | Rs. 31,586 Crs        |

In the context of extraordinary changes - the highway ban, alcohol exclusion in GST and its fall-out and the uncertainty caused by route to market changes in many states – the Company has delivered strong financial performance in the last couple of years. In addition the Company has also enhanced its premiumization with prestige and above segments accounting for 66% of net sales in value as on March 31, 2019. Under his leadership, the Company has taken various CSR initiatives, built a talented, diverse and inclusive work place and achieving significant progress with the aim of making the Company one of India’s best performing, most trusted and respected consumer goods companies in India.

- v. **Remuneration Proposed:** There is no change in the existing remuneration. The detailed remuneration has been reproduced in Item No. 3 of the Resolution.
- vi. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**

The remuneration paid to the CEO/MD of the following comparable Companies for the FY 2017-18 are given below for the purpose of comparison:

|    |                            |   |                  |
|----|----------------------------|---|------------------|
| 1. | Hindustan Unilever Limited | - | Rs. 19.37 Crores |
| 2. | ITC Limited                | - | Rs. 4.46 Crores  |
| 3. | Marico Limited             | - | Rs 20.62 Crores  |
| 4. | Larsen & Toubro Limited    | - | Rs 31.80 Crores  |
| 5. | Tata Consultancy Services  | - | Rs. 12.49 Crores |

- vii. **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel:** No pecuniary relationship other than the remuneration as stated above.

**C. Other Information:**

- i. **Reasons for loss or inadequate profits:**

**NOTICE (CONTIUNED)****DIAGEO**  
INDIA

The Company has been consistently making profits except for the financial year ended March 31, 2014 and for the financial year ended March 31, 2015 due to certain exceptional and one-off items. If the profits of each of the years is calculated in terms of the provisions existing prior to this amendment, the Company had net profits calculated for this purpose under section 198. Implications in the change in the method of calculation of net profit under section 198 prior to this amendment (i.e., up to financial year 2017-18) and after the amendment (i.e., from the financial year 2018-19) are given below :

| SL. NO | Financial Year | Net profit under section 198 (Previous Method) | Net profit under section 198 (Revised method due to the amendment with effect from September 12, 2018) [Cumulative Accumulated Loss] |
|--------|----------------|--|--|
| 1      | 2013-14        | (33,012.26)                                    | (33,012.26)  |
| 2      | 2014-15        | (455.48)                                       | (33,467.74)  |
| 3      | 2015-16        | 4163.39  | (29,304.35)  |
| 4      | 2016-17        | 2718.50  | (26,585.85)  |
| 5      | 2017-18        | 8740.90  | (17,844.95)  |
| 6      | 2018-19        | 11,422.00                                      | (6,422.95)   |

As can be seen from above, the method of calculation as prescribed earlier considered only the current year profits and accumulated loss, if any of financial year 2014-15 only. As per the revised method, net profit needs to be re-calculated by considering past accumulated losses of financial year 2013-14 and earlier. As a result, with the same set of profit figures for each year the corresponding revised calculation results in a negative figure of net profit due to past accumulated losses for the financial year 2013-14 for determining net profit under section 198.

The detailed reasons for the losses during the year 2013-14 and 2014-15 were due to certain exceptional and one-off items of provisions, write-offs and losses in those years which have already been disclosed and approved by the shareholders as part of the approved audited financial statements of those years.

ii. Steps taken or proposed to be taken for improvement:

Pursuant to the approval of the shareholders of the Company at an extraordinary general meeting of the Company on 9 January 2015, the Company entered into a number of agreements with certain Diageo entities for manufacture and sale of certain key brands owned by such Diageo entities. These 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. Also, these 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. This has been demonstrated by the Company achieving profitability over the years through premiumization strategy for prestige and above segment accounting for 66% of the net sales for the financial year ended March 31, 2019.

iii. Expected increase in productivity and profits in measurable terms:

The increase in the financial performance including the profitability over the subsequent three financial years are given below which clearly show that the Company is on the high growth trajectory.

| Financial Year | Gross Sales    | Profit After Tax | Market Capitalisation |
|----------------|----------------|------------------|-----------------------|
| 2018-19        | Rs 282,791 mns | Rs 6,586 mns     | Rs 39,224 crs         |
| 2017-18        | Rs.258,715 mns | Rs.5,617 mns     | Rs.45,425 Crs         |
| 2016-17        | Rs.252,947 mns | Rs.1,699 mns     | Rs.31,586 Crs         |

iv. Professional capacity – The MD & CEO is functioning in a professional capacity possessing expertise and specialised knowledge beyond the graduate level qualification and is not having any interest in the capital of the company or any of its subsidiary companies. The MD & CEO does not have any direct or indirect interest or related to the directors or promoters of the Company or its holding or subsidiary companies at any time during the last two years before or on or after the date of appointment.

v. Other parameters under Section 200 read with Rule 6 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (1) The Financial and operating performance of the company during the three preceding financial years – Details provided in para C (iii) above.
- (2) Remuneration drawn in any other capacity from the Company – Not Applicable
- (3) Remuneration or Commission drawn by him from any other company – The MD and CEO may be entitled to remuneration payable by such other companies on the terms and conditions of such appointment from time to time.
- (4) Professional qualification and experience – As indicated above in para B (i) and B (iii)
- (5) The relationship between remuneration and performance – As shown in the Resolution No.3, substantial portion of the remuneration is in the form of performance based incentive (Annual Incentive Plan and Long term Incentive Plan).
- (6) The principle of proportionality of remuneration within the company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receives remuneration and employees or executives of the company – The remuneration to the executives as well as to the MD and CEO are based on performance rating methodology which takes care of the benchmarks within and outside the Company. In addition, the nomination and Remuneration Committee benchmarks remuneration of comparable companies to the remuneration payable to the MD and CEO and recommends to the Board remuneration which meets that criteria.
- (7) whether remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference – The two policies are different. The remuneration policy for directors covers a wide range of issues including their role to promote the objects of the Company and all its stakeholders etc whereas, the remuneration policy for other employees are covered by the Company's applicable HR policies.
- (8) The securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year – The MD and CEO does not hold any share of the Company and is not covered by stock options within the meaning of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Reasons and justification for payment of remuneration – Please refer to detailed justifications and reasons in paras B (iv), B (vi), C (ii) and C (iii) above

None of the Directors and/or Key Managerial Personnel of the Company, other than Mr. Kripalu to whom this resolution relates, including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company.

The Board of Directors recommend passing of the resolution set out under Item No. 3 for approval of the members as a special resolution.

**3. Item 4 - Re-Appointment of Mr. D. Sivanandhan as an Independent Director**

D. Sivanandhan is a highly regarded IPS officer with an illustrious career spanning 36 years. After earning a postgraduate degree in Economics, he joined the IPS in 1976 and retired as the Director General of Police of Maharashtra state police in 2011. He has held several senior positions in the Intelligence Bureau, Central Bureau of Investigation and Mumbai crime branch. He has also served as Commissioner of Police of Nagpur, Thane city and Mumbai. He has been awarded the meritorious service medal (1993), the president's distinguished service medal (2000) and also the Internal Security Medal (1998). He has worked in the National Security Council Secretariat, New Delhi as a member of the special task force and also as the Security Adviser to RBI for three years. He is on the Board of several prestigious companies. The list of Directorships and Committee membership in listed companies as on date is given in the Annexure A attached to this notice.

Mr Sivanandhan is not related to any other Director of the Company and does not hold any shares in the Company. None of the Directors and/or Key Managerial Personnel of the Company, other than Mr. Sivanandhan to whom this resolution relates, including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company.

The Board of Directors recommend passing of the resolution set out under Item No. 4 for approval of the members as a special resolution.

**4. Item 5 - Re-Appointment of Mr. Mahendra Kumar Sharma as an Independent Director**

Mahendra Kumar Sharma holds Bachelors' degrees in Arts and Law, PG Diplomas in Personnel Management and Labour Law, and has completed the Advanced Management Programme at the Harvard Business School. Mr. Sharma joined Hindustan Unilever Ltd (HUL) in 1974, and retired from the company in 2007. He was a member of the Board of Directors of HUL for 12 years, including seven years as Vice Chairman. He is the founder of M.K. Sharma & Associates and has rich experience in the field of mergers and acquisition, corporate restructuring and law. He has been a member of the Corporate Law Committee of the Ministry of Corporate Affairs, and the Naresh Chandra Committee on Corporate Governance, as well as being involved in several industry associations. He is on the board of prestigious companies such as Wipro, Asian Paints and Ambuja Cements. He is also a member of the Executive Board of the Indian School of Business.

The list of Directorships and Committee membership in listed companies as on date is given in the Annexure A attached to this notice. Mr Sharma is not related to any other Director of the Company and does not hold any shares in the Company. None of the Directors and/or Key Managerial Personnel of the Company, other than Mr. Sharma to whom this resolution relates, including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company.

The Board of Directors recommend passing of the resolution set out under Item No. 5 for approval of the members as a special resolution.

**5. Item 6 - Re-Appointment of Mr. Rajeev Gupta as an Independent Director**

Rajeev Gupta graduated from the Indian Institute of Technology, Varanasi, and has an MBA from the Indian Institute of Management, Ahmedabad. He has over 34 years' experience in manufacturing, investment banking and private equity. A former CEO of Cosmo Ferrites and Joint MD of DSP Merrill Lynch, he is currently CEO of Arpwood Capital Limited, an investment banking company he founded in 2012, and a partner at Arpwood Partners Investment Advisors LLP, which manages

private equity investments. He is on the board of EIH Limited, Cosmo Films, TVS Capital Funds, TV Today Network, Vardhman Special Steel and VIP Industries.

The list of Directorships and Committee membership in listed companies as on date is given in the Annexure A attached to this notice. Mr Rajeev Gupta is not related to any other Director of the Company and does not hold any shares in the Company. None of the Directors and/or Key Managerial Personnel of the Company, other than Mr. Rajeev Gupta to whom this resolution relates, including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company.

The Board of Directors recommend passing of the resolution set out under Item No. 6 for approval of the members as a special resolution.

**6. Item 7 - Re-Appointment of Ms. Dr. Indu Shahani as an Independent Director**

Dr. Indu Shahani has a Ph.D in Commerce from University of Mumbai and has extensive teaching experience at university and degree college levels. She is the Principal of H.R. College of Commerce & Economics, Mumbai and is former Sheriff of Mumbai. She has been a member of the University Grants Commission. She was awarded an honorary Doctor of Letters degree by the University of Westminster, London. Dr. Shahani is on the board of leading Indian companies such as Eureka Forbes, Bajaj Electricals, Colgate-Palmolive (India), Franklin Templeton and Clariant.

The list of Directorships and Committee membership in listed companies as on date is given in the Annexure A attached to this notice. Dr. Indu Shahani is not related to any other Director of the Company and does not hold any shares in the Company. None of the Directors and/or Key Managerial Personnel of the Company, other than Dr. Indu Shahani to whom this resolution relates, including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company.

The Board of Directors recommend passing of the resolution set out under Item No. 7 for approval of the members as a special resolution.

Remuneration payable to non-executive directors stated in item no. 4 to 7 shall be approved by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee in terms of the existing approval of the members of the Company obtained through postal ballot effective January 18, 2019 upto the period ending March 31, 2021.

**7. Item 8 - Additional Loans and guarantees to Pioneer Distilleries Limited (PDL)**

Pioneer Distilleries Limited (PDL), a listed subsidiary in which your Company holds 75% of the paid-up equity share capital, is in the process of seeking loan in order to undertake capital expenditure projects and to meet its working capital needs apart from utilising the same for its principal business activities.

The Board of Directors of the Company, at their meeting held on October 31, 2018, has approved funding of an additional loan up to Rs. 150 crores (Rupees One Hundred and Fifty Crore Only) and on July 22, 2019 of Rs 200 Crores (Rupees Two Hundred Crores), on terms and conditions as may be mutually agreed to by both companies. In addition, pursuant to the requirement under sub section 2 of Section 185 of the Companies Act, 2013, PDL is considered 'a person in whom any of the Director of the Company is interested'. In addition, Section 186 of the Companies Act requires approval of the members of the Company by way of a Special Resolution if any loans together with the existing loans and investments exceed 60% of paid up share capital plus free reserves and securities premium account or 100% of free reserves and securities premium account. As per the last audited financial statements, the position is as follows.

**A) Financial Position and Limits**

(Rs in Crs)

| Position as on March 31, 2019, Audited Financial Statement |               |
|--|---------------|
| Particulars  | Amount        |
| Paid-up Capital  | 145           |
| Securities Premium   | 4568          |
| General Reserves   | 1103          |
| Free Reserves  | (2840)        |
| <b>Total</b>   | <b>2977</b>   |
| <b>60% of Total (A)</b>                                    | <b>1785.6</b> |

| Position as on March 31, 2019, Audited Financial Statement (Rs in Crs) |             |
|--|-------------|
| Securities Premium   | 4568        |
| General Reserve  | 1103        |
| Free Reserve   | (2840)      |
| <b>Total (B)</b>   | <b>2831</b> |

**Higher of (A) and (B) above (C) – Rs.2831 crores**

Loans, investment and guarantees including present and proposed loans and guarantees (D) – Rs. 2301 crores Excess of (C) and (D) – Rs. 530 crores

Due to the limits prescribed under Section 186 which in the above case is Rs. 2831 Crores is more than the figure of the existing loans and investments and guarantees of about Rs. 2301 Crores (including the existing and proposed loans and investments/ guarantees) the proposed additional loan of Rs. 200 Crores and additional guarantee of Rs 250 crores can be granted without approval by the members of the Company.

Existing loan to Pioneer Distilleries Limited given by the Company and outstanding as on March 31, 2019 is Rs. 135.4 Crores

**B) Reasons for which the Proposed Transaction requires the approval of the Company's members**

In terms of Section 185 of the Companies Act, 2013, members' approval by way of a special resolution is required by the Company since such loans to PDL are considered as a loan to 'a person in whom any of the Director of the Company is interested'.

**C) Reasons for providing loans to PDL**

The loan to PDL is required to be provided for the following reasons.

**1. Synergy between the Company and PDL**

There is unique synergy between the Company and PDL which benefits the Company as well as PDL. PDL has the infrastructure and capability to produce finest quality of ENA. The Company has the expertise and has extended its technical support to achieve the same for PDL. The Company has robust growth trend and require additional quantity of ENA every year. the Company and its associate Units (TMUs) are buying entire ENA



produced in PDL. In fact, PDL has the capacity to contribute to 20% of the ENA requirement of the Company in the states of Maharashtra and Karnataka. Further, PDL has also got state of the art bottling plant to produce Indian Made Foreign Liquor (IMFL). As a part of the arrangement between PDL and the Company, PDL is producing USL brands in its bottling facility and selling the same to the Company. The Company's proposed loan to PDL will help PDL secure funding and meet capital expenditure and working capital needs to run its plant efficiently apart from utilising the same for its principal business activities.

This in turn will ensure security of supply of ENA and IMFL to the Company. Also, benefits accruing to PDL due to funding support will flow back to the Company as PDL is a 75% subsidiary of the Company. PDL has not defaulted in its loan repayment in the past. The financials of PDL are available on its website at <http://pioneerdistilleries.com/financialresults.php> and Annual Report on its website at <http://pioneerdistilleries.com/downloads.php> for the year 2017-18.

- 2) Maturing spirit at Pioneer Distilleries Limited began recently. This is a three year process requiring bridge working capital. In addition, PDL needs to invest in Diageo's manufacturing standards to match the quality as in other units in the state like in Nasik/Aurangabad and upgrading of pollution and fire equipments are also underway. In addition, Maharashtra is a growth market for us and we foresee business augmentation enabled through our agreements with PDL.
- 3) Better financial terms: USL having a better credit rating is in a position to borrow on terms which are much more beneficial than PDL. Being a subsidiary of the Company, the proposed loan will help PDL in procuring funds on better terms from USL which it may not be able to obtain from an external source. This contributes to the resultant benefit to both PDL and USL as a group.
- 4) Disclosure as per Section 185
  - a. Particulars of the Loan-Additional loan of Rs 200 crores such that the overall loan limit shall be Rs 485 crores.
  - b. Security- Unsecured loan

- c. Purpose of the loan- To undertake capital expenditure projects and to meet its working capital needs apart from utilising the same for its principal business activities.
- d. Repayment period- maximum of five years or such other period and at such interest rates and other terms as may be agreed to between the Company and PDL from time to time.
- e. Rate of Interest- Rate of Interest shall not be less than the rate of Interest mandated by sub section 7 of Section 186 of the Companies Act, 2013.
- f. Rate of Commission on Guarantee- As may be agreed to between the Company and PDL subject to the commission/ fee being in the range of 0.25% to 0.75%
- g. Date of approval by the Board of Directors – July 22, 2019.

The above disclosure also meets similar requirements under Section 186 of the Companies Act as well. None of the directors and key managerial personnel of the Company or their relatives are concerned or interested in the resolution.

The Board of Directors recommend passing of the resolution set out under Item No. 8 for approval of the members as a special resolution.

By Order of the Board

Place : Mumbai  
Date : July 22, 2019

**V. Ramachandran**  
**Executive Vice- President**  
**& Company Secretary**

**Annexure A- List of Directorships and Committee memberships in Listed companies in India of Directors proposed to be reappointed.**

| Name of the Director  | Name of Listed Entities in which person holds directorships | Memberships in the Committees   |
|-----------------------|---|---|
| D Sivanandhan         | Forbes & Company Limited                                    | Audit Committee,<br>Stakeholders Relationship Committee,<br>Nomination & Remuneration Committee and<br>Corporate Social Responsibility Committee                              |
|                       | Kirloskar Industries Limited                                | Audit Committee   |
|                       | RBL Bank Limited  | Audit Committee,<br>Nomination & Remuneration Committee and<br>Corporate Social Responsibility Committee  |
|                       | Inditrade Capital Limited                                   |   |
| Indu Shahani          | Bajaj Electricals Limited                                   | Audit Committee,<br>Stakeholders Relationship Committee,<br>Nomination & Remuneration Committee<br>Risk Management Committee and<br>Corporate Social Responsibility Committee |
|                       | Clariant Chemicals India Limited                            | Audit Committee,<br>Stakeholders Relationship Committee and<br>Corporate Social Responsibility Committee  |
|                       | Colgate-Palmolive (India) limited                           | Audit Committee and<br>Corporate Social Responsibility Committee  |
| Mahendra Kumar Sharma | Wipro Limited   | Audit Committee,<br>Stakeholders Relationship Committee and<br>Risk Management Committee  |
|                       | Asian Paints Limited  | Audit Committee and<br>Nomination & Remuneration Committee  |
|                       | Ambuja Cements Limited                                      | Corporate Social Responsibility Committee   |
|                       | Vedanta Limited   | Audit Committee,<br>Nomination & Remuneration Committee and<br>Corporate Social Responsibility Committee  |
| Rajeev Gupta          | Cosmo Films Limited   | Stakeholders Relationship Committee   |
|                       | EIH Limited   | Audit Committee and<br>Nomination & Remuneration Committee  |
|                       | Rane Holdings Limited                                       | Audit Committee   |
|                       | TV Today Network Limited                                    | Audit Committee   |
|                       | Vardhman Special Steels Limited                             | Nomination & Remuneration Committee   |
|                       | V I P Industries Limited                                    | Audit Committee   |

**ROUTE MAP TO THE HOTEL VIVANTA**

