

# 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

December 19, 2018

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 provide herein below necessary details regarding issuance of Postal Ballot notice sent to shareholders, Debenture Trustees and Auditors. 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:** October 31, 2018

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

**1. Approval of members for payment of excess remuneration to Mr. Anand Kripalu (DIN: 00118324), Managing Director and Chief Executive Officer for the financial year ended March 31, 2015:**

Details are provided in the Notice enclosed below

**2. Approval of members for payment of remuneration to Mr. Anand Kripalu (DIN: 00118324), Managing Director and Chief Executive Officer till August 13, 2019**

Details are provided in the Notice enclosed below

**3. Approval of members for payment of remuneration to Mr. Sanjeev Churiwala (DIN: 00489556), Executive Director and Chief Financial Officer till March 31, 2021:**

Details are provided in the Notice enclosed below

**4. Approval for payment of Remuneration to Non-Executive Directors:**

Details are provided in the Notice enclosed below

**5. Approval for granting loans to Pioneer Distilleries Limited.**

Details are provided in the Notice enclosed below

**C. Manner of Approval proposed:** Special Resolution

Enclosed below the Postal Ballot notice dated October 31, 2018 and Postal Ballot form issued to Shareholders, Debenture Trustees and Auditors with necessary explanatory statements.



**UNITED SPIRITS LIMITED**

Corporate Identity Number: L01551KA1999PLC024991  
Registered Office: "UB Tower", #24, Vittal Mallya Road, Bengaluru 560001, India  
Tel.: +91 80 3985 6500, 2221 0705, Fax: +91 80 3985 6862  
Website: www.diageoindia.com e-mail: investor.india@diageo.com

**POSTAL BALLOT NOTICE**

Notice pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014

Dear Members,

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and other applicable provisions of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force, to the members of United Spirits Limited (the "Company") to transact the following business by passing the resolutions by way of postal ballot:

**1. Approval of members for payment of excess remuneration to Mr. Anand Kripalu (DIN: 00118324), Managing Director and Chief Executive Officer for the financial year ended March 31, 2015:**

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

**RESOLVED THAT** further to the approval by the members for the payment of remuneration to Mr. Anand Kripalu (DIN: 00118324), Managing Director and Chief Executive Officer, at the Company's Fifteenth Annual General Meeting held on September 30, 2014, and pursuant to the provisions of Section 197, Schedule V and other applicable provisions of the Companies Act, 2013 ('Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the excess remuneration of Rs. 5,00,61,696/- (Rupees Five Crore Sixty-One Thousand Six Hundred and Ninety-Six Only), as per the details annexed hereto in the explanatory statement, paid to Mr. Anand Kripalu for the financial year ended March 31, 2015, be and is hereby approved and waived.

**RESOLVED FURTHER THAT** the application filed by the Company for waiver of the excess remuneration of Rs. 5,00,61,696/- (Rupees Five Crores Sixty-One Thousand Six Hundred and Ninety-Six Only) paid to Mr. Anand Kripalu, Managing Director and Chief Executive Officer, pending before the Central Government stands abated pursuant to the provisions of sub-section (17) to Section 197, Schedule V and other applicable provisions of the Act and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force).

**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."

**2. Approval of members for payment of remuneration to Mr. Anand Kripalu (DIN: 00118324), Managing Director and Chief Executive Officer till August 13, 2019**

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

**RESOLVED THAT** further to the approval by the members for the payment of revised remuneration to Mr. Anand Kripalu (DIN: 00118324), Managing Director and Chief Executive Officer effective from 1<sup>st</sup> July 2015 till the end of his tenure i.e., till August 13, 2019, at the Company's Sixteenth Annual General Meeting held on November 24, 2015 and pursuant to the provisions of Section 197, 198, 200, Schedule V and other applicable provisions of the Companies Act, 2013 ('Act')

## NOTICE (CONTINUED)

and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of Mr. Anand Kripalu as detailed below be and is hereby approved (for the period April 1, 2018 to August 13, 2019) notwithstanding that such remuneration may exceed the limits specified under Section 197 and Schedule V of the Act.

1 Salary	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 Special Allowance	Special Allowance at the rate of 50% of the proposed basic salary per month. This will be taken into account for calculation of Provident Fund, Gratuity, Superannuation Benefits and Annual Incentive Plan or equivalent.
3 Personal Allowance	Rs.9,44,400/- per month (as against Rs. 9,53,400/- per month previously approved) in the range of Rs. 9,00,000/- to Rs. 16,00,000/- per month.
4 Annual Incentive Plan (AIP) or equivalent	As per the rules framed by the Company in this regard and is variable in nature depending on individual and company performance parameters.
5 Long Term Incentive Plan (LTIP) or equivalent	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 Perquisites	<ul style="list-style-type: none"> <li>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.</li> <li>ii) House Maintenance, Repairs and Painting at actuals as per the Company's policy.</li> <li>iii) LTA of Rs. 15,500/- per month as per Rules of the Company, as applicable.</li> <li>iv) National Pension Scheme (NPS) - Contribution or allowance of 10% Basic Salary per month as per the Company's rules.</li> <li>v) Medical Reimbursement – Expenses incurred for Mr.Kripalu and his family on actuals, as per the rules of the Company, as applicable.</li> <li>vi) Club Fees – Fees of clubs subject to a maximum of two clubs. This will include admission and corporate annual membership fees.</li> <li>vii) Group Mediclaim 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.</li> <li>viii) Group Term Life Insurance – Life insurance for Mr.Kripalu as applicable to employees of his grade and as per rules of the Company.</li> <li>ix) Personal Accident Insurance – Accident Insurance for Mr. Kripalu as applicable to employees of his grade and as per rules of the Company.</li> <li>x) Provident Fund – The Company's contribution to Provident Fund shall be as per the Scheme of the Company, as applicable.</li> <li>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.</li> <li>xii) Gratuity – Payable in accordance with the Rules of the approved Fund of the Company, as applicable.</li> <li>xiii) Encashment of leave not availed – As per the Rules of the Company, as applicable.</li> <li>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.</li> <li>xv) Tax preparation services – Consulting services cost for filing tax returns payable at actuals.</li> <li>xvi) Such other benefits, amenities, facilities and perquisites as per the rules of the Company, as applicable and as may be permitted by the Board of Directors of the Company.</li> </ul>

**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.

## NOTICE (CONTINUED)

**RESOLVED FURTHER THAT** all other existing terms and conditions 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“.

### 3. Approval of members for payment of remuneration to Mr. Sanjeev Churiwala (DIN: 00489556), Executive Director and Chief Financial Officer till March 31, 2021:

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

“**RESOLVED THAT** further to the approval by the members for the payment of remuneration to Mr. Sanjeev Churiwala (DIN: 00489556), Executive Director and Chief Financial Officer at the Company’s Eighteenth Annual General Meeting held on August 30, 2017, and pursuant to the provisions of Section 197, 198, 200, Schedule V and other applicable provisions of the Companies Act, 2013 (‘Act’) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of Mr. Sanjeev Churiwala as detailed below be and is hereby approved for three years effective from 1<sup>st</sup> April 2018 till 31<sup>st</sup> March 2021 notwithstanding that such remuneration may exceed the limits specified under Section 197 and Schedule V of the Act.

1	Salary	Basic Salary of Rs. 10,20,272/- per month, 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. 8,00,000/- to Rs. 15,00,000/- per month and with proportionate increase in all benefits related to the quantum of salary.
2	Personal Allowance	Rs. 567, 811 /- per month in the range of Rs. 5,00,000/- to Rs. 15,50,000/- per month.
3	Annual Incentive Plan (AIP or equivalent)	As per the rules framed and amended from time to time by the Company in this regard.
4	Long Term Incentive Plan (LTIP) or equivalent, any other Long term variable scheme	Long Term Incentives are granted as per the rules framed and amended from time to time by the Company in this regard. Current rules are at 32% of gross annual fixed pay subdivided in the form of Phantom RSU based on USL share price, ESOP based on Diageo share price & RSU based on Diageo share price. Additionally, there is a one-time performance share grant (DPI) made in September 2016. DPI will follow the terms and conditions that were defined at the time of grant.
5	Perquisites	Retirals: i. Provident Fund – The Company’s contribution to Provident Fund shall be as per the Scheme of the Company, as applicable. ii. Gratuity – Payable in accordance with the Rules of the approved Fund of the Company, as applicable iii. Encashment of leave not availed – As per the Rules of the Company, as applicable. Work Enablers: i. Expenditure towards usage of two mobile phones, telephone at residence including internet broadband expenditure as per the Company’s policy. ii. Club Fees – Fees of one club. This will include admission and corporate annual membership fees. Flexible allowance scheme including i. Housing (if opted for)–Furnished/ unfurnished residential accommodation or house rent allowance of maximum of 50% of basic salary in lieu thereof. ii. Maximum LTA (if opted for) up to one month basic

## NOTICE (CONTINUED)

	<ul style="list-style-type: none"> <li>iii. <i>National Pension Scheme Contribution (NPS) – (if opted for) up to 10% of the Basic Salary per month as per the Company's rules.</i></li> <li>iv. <i>Medical Reimbursement – Expenses incurred for Mr Churiwala and his family, as per the rules of the Company, as applicable.</i></li> <li>v. <i>Group Medidclaim Policy – Hospitalization expenses for Mr Churiwala and his family as per rules of the Company and as applicable to employees of his grade.</i></li> <li>vi. <i>Group Term Life Insurance – Life insurance for Mr Churiwala as applicable to employees of his grade and as per rules of the Company.</i></li> <li>vii. <i>Personal Accident Insurance – Accident Insurance for Mr Churiwala as applicable to employees of his grade and as per rules of the Company.</i></li> <li>viii. <i>Superannuation/Annuity Fund (if opted for) – The Company's contribution to Superannuation or Annuity Fund shall be in accordance with the Scheme of the Company, as applicable.</i></li> <li>ix. <i>Provision of cars, cell phone and telephone with Wi-Fi /hot spot/ iPad sim services connections (at the residence) – Provision of one Company car (if opted for) with maintenance, driver and actual fuel;</i></li> <li>x. <i>Such other benefits, amenities, facilities and perquisites as per the rules of the Company, as applicable and as may be permitted by the Board of Directors of the Company.</i></li> </ul>
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*Provided that the remuneration payable to Mr. Churiwala (including salary, Special Allowance, Personal Allowance, Annual Incentive Plan (AIP) or equivalent, Long Term Incentive Plan (LTIP) or equivalent, Perquisites, Benefits, Amenities and Facilities) shall be subject to the provisions laid down in Section 197 read with Schedule V of the Companies Act, 2013 or any other statutory provisions, modifications and re-enactments thereof.*

**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** the tenure of appointment of the Executive Director and Chief Financial Officer shall remain unchanged i.e., upto March 31, 2022.

**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. Approval for payment of Remuneration to Non-Executive Directors:

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

**"RESOLVED THAT** in partial modification of the resolution passed by the members for the payment of remuneration at the Company's Fifteenth Annual General Meeting held on September 30, 2014 and pursuant to the provisions of Section 197, 198, 200, Schedule V and any other applicable provisions of the Companies Act, 2013 ('Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Directors, other than the Managing Director (if any) or the Director(s) in the whole time employment of the Company ("non-executive directors"), be paid a remuneration in the form of commission not exceeding 1% of the profits of the Company or, in the aggregate

## NOTICE (CONTINUED)

of upto Rs. 4,00,00,000/- (Rupees Four Crores Only) in each financial year for all non-executive directors (including non-executive directors to be appointed in future), whichever is higher, for the Company's financial year ending March 31, 2019, March 31, 2020 and March 31, 2021 or till the end of their tenure of appointment/reappointment, whichever is earlier, notwithstanding that such remuneration may exceed the limits specified under Section 197 and Schedule V of the Act.

**RESOLVED FURTHER THAT** the individual limits of remuneration to be paid to such non-executive directors (which remuneration shall be payable quarterly, half yearly or annually as may be decided by the Board of Directors) shall be fixed by the Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee, in addition to sitting fees, reimbursement of expenses for participation in the Board and Committee meetings, if any, payable to each Director for every meeting of the Board or Committee thereof attended by him/her, and that this Resolution shall remain in force until revoked or amended."

### 5. Approval for granting loans to Pioneer Distilleries Limited.

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

**"RESOLVED THAT** 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 additional loans to Pioneer Distilleries Limited ("PDL"), a Subsidiary of the Company, up to Rs. 150,00,00,000 (Rupees One Hundred and Fifty Crores only) over and above the existing loans already approved and granted to PDL, in one or more tranches, such loan having a repayment period of a 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.

**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 of Directors  
For United Spirits Limited**

**V. Ramachandran  
Executive Vice President and Company Secretary**

Place: Bengaluru  
Date: October 31, 2018

## NOTICE (CONTINUED)

### Notes:

1. Please refer to the explanatory statement given hereunder.
2. A copy of this notice together with Postal Ballot Form has been placed on the website of the Company [www.diageoindia.com](http://www.diageoindia.com).
3. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 and Rule 22 of the Companies (Management and Administration) Rules, 2014, ("Rules") setting out all material facts in respect of the business specified in this notice and the reasons thereto is annexed hereto. The Special Resolutions mentioned herein shall be declared as passed if the number of votes cast in its favour is not less than three times the number of votes cast against the said Special Resolution.
4. The postal ballot form for voting by members is enclosed.
5. In accordance with Rule 22(3) of the Rules, after the postal ballot is dispatched, an advertisement will be published in at least one english language and one vernacular language newspaper circulating in Bengaluru.
6. The Notice and the Postal Ballot Form, outlining the detailed procedures, will be mailed to such Members whose names appear on the register of members of the Company / Depositories, or who are beneficial owners of Equity Shares as per the records of Depositories, on the cut-off date i.e. December 07, 2018 and who have their email IDs registered with the Company / Depositories and for all remaining Members who do not have their email IDs registered with the Company / Depositories, the Physical copy of Notice along with Postal Ballot Form will be sent separately.
7. Upon request from a member to whom the Notice and the Postal Ballot Form were earlier sent by e-mail, physical copy of the Notice along with Postal Ballot Form will be sent separately.
8. The Board of Directors have, at their meeting held on October 31, 2018, appointed Mr. Sudhir V Hulyalkar, Company Secretary in Practice (Membership No.: FCS6040; CP Number: 6137) as the scrutinizer for conducting the postal ballot process in a fair and transparent manner. The scrutinizer's address is 16/8, Ground Floor, 2nd Cross, Gupta Layout, South End Road (Near South End Circle), Basavangudi, Bengaluru- 560 004.
9. Members are requested to read carefully the instructions printed on the postal ballot form and either: (a) return the form duly completed in the attached self-addressed pre-paid postage envelope; or (b) vote by electronic means in the manner set out herein, in each case, so as to ensure that votes reach the scrutinizer on or before 5.00 p.m. (17.00 hours IST) on Friday January 18, 2019 ("Last Date"). The Voting period will commence on Thursday, December 20, 2018 at 9 a.m. (9.00 hours IST)
10. The scrutinizer will submit his report to the Chairman / any of the Director(s) of the Company as soon as possible after the last date of receipt of all postal ballots but not later than 48 hours thereof. Upon completion of the scrutiny of the postal ballot votes, the result of the postal ballot will be announced on or before January 20, 2019 at the registered office of the Company by placing it, along with the scrutinizer's report, on the website of the Company at [www.diageoindia.com](http://www.diageoindia.com) and will also be communicated to the stock exchanges where the equity shares of the Company are listed.
11. Non-Individual Members and custodians should submit a scanned copy of the Board Resolution and/ or Power of Attorney (POA), along with postal ballot form (for physical voting) and in case of e-voting Board Resolution and/ or Power of Attorney (POA) shall be uploaded in PDF format in the system, for the scrutinizer to verify the same.
12. In accordance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 20 and Rule 22 of the Rules, the Company is pleased to offer an e-voting facility to members, and business connected with this postal ballot may be transacted by the members through such e-voting system. Notice of this meeting has been sent to all members who have registered their email ids with the Company or the Registrar and Transfer Agent/Depository Participants. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited



## NOTICE (CONTINUED)

('CDSL') to facilitate e-voting as an alternate to the dispatch of postal ballot forms. E-voting is optional and members shall have the option to vote either through e-voting or through submission of the postal ballot form. Kindly note that the members can opt for only one mode of voting i.e., either by physical ballot or e-voting. In case any Member cast his votes both by Postal Ballot and e-voting, the votes cast through e-voting shall prevail and the votes cast through Postal Ballot Form shall be considered invalid.

Members who wish to vote through a ballot form may also download the ballot form from the link [www.diageoindia.com](http://www.diageoindia.com) or seek a duplicate form from Integrated Registry Management Services Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru - 560 003, fill in the details and send the same to the scrutinizer.

### 13. The instructions for members voting electronically are as under:

- (i) The e-voting period commences on December 20, 2018 (09:00 a.m.) and ends on January 18, 2019 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of December 07, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter
- (ii) The cut-off date for e-voting facility is December 07, 2018 and members whose names appear on the register of members/list of beneficial owners shall be entitled to avail the service.
- (iii) The members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iv) Click on "Shareholders / Members" tab.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) 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 sequence number which is printed on address sticker.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	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. <ul style="list-style-type: none"> <li>• 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 (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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 to be also 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.

## NOTICE (CONTINUED)

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for **"United Spirits Limited"** (EVSN 181211005) on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If DEMAT account holder has forgotten the changed login password then Enter the User ID and the image verification code then click on Forgot Password & enter the details as prompted by the system.
- (xix) 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.
- (xx) Note for Institutional Members (Non Individual and Custodians)
  - Institutional members (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.

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).

- 14. The Scrutinizer's decision on the validity of the postal ballot shall be final and binding.
- 15. Please note that any postal ballot form(s) received after 5.00 pm on the Last Date i.e., January 18, 2019 will be treated as not having been received and after the Last Date, the portal where e-votes can be cast will be blocked.

## NOTICE (CONTINUED)

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE OF POSTAL BALLOT

#### Item No. 1

- i. On August 14, 2014, Mr. Anand Kripalu was appointed by the Board of Directors as an additional director and also as the Managing Director and Chief Executive Officer of the Company for a period of 5 years with effect August 14, 2014. Mr. Kripalu's appointment as a director, and his appointment as the Managing Director and Chief Executive Officer (MD & CEO) of the Company with effect from August 14, 2014 for a period of 5 years and his remuneration for the 5 year period was approved by the members of the Company on September 30, 2014, at the Fifteenth Annual General Meeting of the Company. The remuneration approved by the members was as follows:

1	Salary	Basic Salary of Rs.26,33,890/- per month, 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	Special Allowance	Special Allowance at the rate of 50% of the Basic Salary per month. This will be taken into account for calculation of Provident Fund, Gratuity, Superannuation Benefits and Contribution Improvement Incentive Scheme (CRIIS) or equivalent.
3	Personal Allowance	Rs. 9,53,400/- per month in the range of Rs. 9,00,000/- to Rs. 16,00,000/- per month.
4	Contribution Improvement Incentive Scheme (CRIIS) or equivalent	As per the rules framed by the Company in this regard.
5	Long Term Incentive Plan (LTIP) or equivalent	As per the rules framed by the Company in this regard.
6	Perquisites	<p>(i) <b>Housing</b> – Furnished/ unfurnished residential accommodation or house rent allowance of <b>maximum of 50%</b> of basic salary in lieu thereof.</p> <p>The expenditure incurred by the Company on gas, electricity and water shall be valued as per the Income Tax Rules, 1962.</p> <p>(ii) <b>Flexi Compensation Package (FCP):-</b></p> <p>(a) LTA of Rs. 15,500/- per month as per Rules of the Company, as applicable.</p> <p>(b) House Maintenance, Repairs and Painting at actuals as per the Company's policy.</p> <p>(iii) <b>National Pension Scheme Contribution (NPS)</b> – 10% of the Basic Salary per month as per the Company's rules.</p> <p>(iv) <b>Medical Reimbursement</b> – Expenses incurred for Mr.Kripalu and his family, as per the rules of the Company, as applicable.</p> <p>(v) <b>Club Fees</b> – Fees of clubs subject to a maximum of two clubs. This will include admission and corporate annual membership fees.</p> <p>(vi) <b>Group Mediclaim Policy</b> – Hospitalisation expenses for Mr.Kripalu and his family as per rules of the Company and as applicable to employees of his grade.</p> <p>(vii) <b>Group Term Life Insurance</b> – Life insurance for Mr.Kripalu as applicable to employees of his grade and as per rules of the Company.</p> <p>(viii) <b>Personal Accident Insurance</b> – Accident Insurance for Mr. Kripalu as applicable to employees of his grade and as per rules of the Company.</p> <p>(ix) <b>Provident Fund</b> – The Company's contribution to Provident Fund shall be as per the Scheme of the Company, as applicable.</p>

## NOTICE (CONTINUED)

	<p>x) <b>Superannuation/Annuity Fund</b> – The Company's contribution to Superannuation or Annuity Fund shall be in accordance with the Scheme of the Company, as applicable.</p> <p>xi) <b>Gratuity</b> – Payable in accordance with the Rules of the approved Fund of the Company, as applicable.</p>
	<p>xii) <b>Encashment of leave not availed</b> – As per the Rules of the Company, as applicable.</p> <p>xiii) <b>Provision of cars, cell phone and telephone (at the residence)</b> – Provision of two Company cars with drivers and actual fuel; two mobile phones' expenditure, telephone at residence including internet broadband expenditure as per the Company's poli</p> <p>xiv) <b>Tax preparation services</b> – Consulting services cost for filing tax returns payable at actuals.</p> <p>xv) <b>Such other benefits, amenities, facilities and perquisites as per the rules of the Company, as applicable and as may be permitted by the Board of Directors of the Company.</b></p>

In addition to the above, Mr. Kripalu is eligible to benefits under the Diageo Associated Companies Share Incentive Plan ("DACSIP" or the "Plan"). DACSIP is a discretionary benefit offered by the Diageo Group for the benefit of the employees of its associate companies. The Plan is an incentive for the employees' future performance and commitment to the goals of the Diageo Group. Shares purchased or received, any cash received and any gains obtained under the Plan are not part of salary for any purpose (except to any extent required by statute). There will be no cost to the Company on account of Mr. Kripalu's eligibility under the DACSIP. For avoidance of doubt, DACSIP does not involve any shares of the Company.

Provided that the remuneration payable to Mr. Kripalu (including salary, Special Allowance, Personal Allowance, Contribution Improvement Incentive Scheme (CRIIS) or equivalent, Long Term Incentive Plan (LTIP) or equivalent, Perquisites, Benefits, Amenities and Facilities) shall be subject to the provisions laid down in Section 197 and Schedule V of the Companies Act, 2013 or any other statutory provisions, modifications and re-enactments thereof.

However, the financial statements of the Company for the financial year ending March 31, 2015 were finalised and approved by the Board of Directors of the Company only on May 27, 2015, several months after the approval of the remuneration of Mr. Kripalu by the members of the Company on September 30, 2014. Following such approval of the financial statements for the financial year ended March 31, 2015, it emerged that the Company did not have any profits for the year ended March 31, 2015, and therefore, the remuneration paid to Mr. Kripalu for that financial year was in excess of the limits specified under the Companies Act, 2013 ("Act"). This remuneration was to be paid as "minimum remuneration" in the event of absence or inadequacy of profit in any financial year.

In accordance with the then existing provisions of Section 197 and other applicable provisions of the Act, the Company filed E-Form MR-2 with the Ministry of Company Affairs ("MCA") seeking the approval of the Central Government for the payment of remuneration to Mr. Kripalu for the financial year ended March 31, 2015, in excess of the limits prescribed under the Act. The approval that was sought by the Company was rejected by the MCA on April 26, 2016. The Company resubmitted the E-Form MR-2 with the MCA along with detailed explanations, seeking approval for the waiver of the remuneration paid to Mr. Kripalu in excess of the limits prescribed under the provisions of Schedule V to the Act. The resubmitted application remained pending with the Ministry of Corporate Affairs.

Pursuant to the recent amendment to the Act introduced by the Companies (Amendment) Act, 2017, with effect from September 12, 2018, any application previously made by a company to the Central Government under the provisions of Section 197 and which is pending with the Government shall abate on September 12, 2018 and the company is required to obtain the approval of the members by way of a special resolution in accordance with the revised provisions of Section 197 within one year of the commencement of the corresponding amendment namely by September 11, 2019. The Company is also in receipt of communication from the Ministry of Corporate Affairs, Government of India that the application pending with them has abated in terms of the amended provisions of Section 197. Accordingly, approval of the members is now sought for the resolution at Item No.1 for waiver and approval of the excess remuneration paid to Mr. Kripalu in respect of the financial year ended March 31, 2015. **This resolution is only for regularising the remuneration**

## NOTICE (CONTINUED)

*already approved by the members of the Company, pursuant to the amended provisions of the Act and as provided in the resolution.*

The company as on date is not in default in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor.

The Nomination and Remuneration Committee has reviewed this matter and recommended to the Board of Directors for its approval. The Board of Directors have accordingly approved the same at the meeting held on October 31, 2018.

- ii. Other disclosures to be provided in terms of Sections 196 to 198 read with Schedule V and applicable Rules under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 for the year ended March 31, 2015 are given below :

Rupees in millions

Particulars	Amount
Gross sales	205,025.35
Profit/Loss from operations	532.68
Exceptional and other non-recurring items	(18,716.68)
Depreciation	1,097.40
Taxation (including deferred tax)	283.35
Profit/(Loss) after tax	(19,564.75)

- 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 experience of more than three decades in various industries.
- ii. Past Remuneration (preceding the date of appointment namely August 14, 2014):

The remuneration drawn by Mr Kripalu in the preceding three financial years 2011-12, 2012-13, 2013-14 and the period from 01/04/2014 to 13/08/2014 are furnished below:

Sl. No.	Financial year	Name of the Company	Remuneration (Amt in Rs.)
1.	2011-12	Cadbury India Limited (since renamed as Mondelez India Foods Ltd)	117,673,850
2.	2012-13	Cadbury India Limited(since renamed as Mondelez India Foods Ltd)	173,114,902
3.	2013-14 (joined during the part of the year)	Diageo India Private Limited	84,667,061
4.	01.04.2014 – 30.04.2014	Diageo India Private Limited	24,016,701
5.	01.05.2014 – 13.08.2014	United Spirits Limited	22,902,726

## NOTICE (CONTINUED)

- 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. He is currently on the board of Confederation of Indian Alcoholic Beverage Companies, a section 8 company.

- iv. **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
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
2015-16	Rs. 233,107 mns	Rs. 1,219 mns	Rs. 35,598 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 63% of net sales in value as on March 31, 2018 and further improved to 66% of net sales value for the six month ended September 30, 2018. 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:** The remuneration for the financial year 2014-15 approved by the members of the Company on September 30, 2014 has been reproduced above in para i above and no further change is proposed.
- vi. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**

Mr. Kripalu, in his previous role as the Managing Director of Mondelez India Private Limited, was paid Rs.12.85 crores for the financial year ended 31 December 2013, which is comparable to Mr. Kripalu's compensation during the financial year 2014-15.

The remuneration paid to the CEO/MD of the following comparable Companies for the FY 2014-15 are given below for the purpose of comparison:

1. Hindustan Unilever Limited	–	Rs. 14.17 Crores
2. ITC Limited	–	Rs. 13.85 Crores

## NOTICE (CONTINUED)

3. Marico Limited	-	Rs. 6.34 Crores
4. Dabur India Limited	-	Rs. 7.44 Crores
5. Larsen & Toubro Limited	-	Rs. 13.58 Crores
6. Tata Consultancy Services	-	Rs. 21.28 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:

The detailed reasons for the losses during the financial 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 for those years.

The provisioning in the financial statements for those years were mainly due to exceptional factors and did not reflect upon the long term prospects of the Company. This is further demonstrated by Company showing profits for the subsequent financial years ended March 31, 2016 to March 31, 2018 and for the quarters ended June 30, 2018 and September 30, 2018 as well.

- 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 63% of the net sales for the financial year ended March 31, 2018 which further increased to 66% of net sales for the six months ended September 30, 2018.

- 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
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
2015-16	Rs. 233,107 mns	Rs. 1,219 mns	Rs. 35,598 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.

Reasons and justification for payment of remuneration – Please refer to detailed justifications and reasons in para B (iv) and B (vi) above

## NOTICE (CONTINUED)

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. 1 for approval of the members as a special resolution through postal ballot.

### Item 2:

- I. Certain amendments have been carried out *inter alia* to Sections 196 to 198 and Schedule V of the Companies Act, 2013 ("Act") by way of the Companies (Amendment) Act, 2017, which are effective from September 12, 2018 ("Amendments"), relating to the remuneration payable to all the directors by a company. Pursuant to the Amendments, all accumulated losses of a company are required to be set off against the profits in a given financial year while calculating the profits of the Company for such financial year under Section 198. The Company has negative free reserves and accumulated losses of approximately Rs. 2,658 crores as of March 31, 2018 based on this revised calculations. It is estimated that the revised calculations pursuant to these Amendments may result in the profits of the Company (calculated in terms of Section 198) being negative for the financial year ending March 31, 2019 and in the immediate near future.

The revised remuneration currently being paid to Mr. Anand Kripalu, Managing Director and Chief Executive Officer of the Company was previously approved by the members of the Company at the Sixteenth Annual General Meeting of the Company held on November 24, 2015, as per the then existing prevailing limits under Section 197 read with Schedule V and applicable provisions of the Act as minimum remuneration in the event of absence or inadequacy of profits. However pursuant to the Amendments, the profits of the Company under Section 198 is expected to be negative for the financial year ending March 31, 2019 and in the immediate near future even if there is no change in the underlying performance of the Company and the remuneration payable to Mr. Kripalu is, therefore, likely to be in excess of the limits currently prescribed under the Act.

Pursuant to the Amendments to the Act, approval of the members is sought for the resolution at Item No. 2 for paying such excess remuneration to Mr. Kripalu till the end of his tenure i.e., up to August 13, 2019. ***This resolution is only for regularising the remuneration already approved by the members of the Company in view of the amended provisions of the Act and there is no increase in existing remuneration approved by the members.***

Technically the remuneration would have been within 5% of Net profits of the Company for the year as in the previous years in terms of Section 197 of the Act prior to the amendment referred to above. However, due to the revised method of calculation, consequent to the Amendment, this limit is likely to be breached considering the past accumulated losses also in these calculations. The company as on date is not in default in payment of dues to any bank or public financial institution or to non-convertible debenture holders or to any other secured creditor.

The Nomination and Remuneration Committee has reviewed this matter and recommended to the Board of Directors. The Board of Directors have approved the same at the meeting held on October 31, 2018.

- 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



## NOTICE (CONTINUED)

- iv. Financial performance based on given indicators: The Key Financial Parameters of the Company as on March 31, 2018 is given below :

Rupees in millions	
Particulars	Amount
Gross sales	260,691
Profit/Loss from operations	9,664
Exceptional and other non-recurring items	(90)
Less:	
Depreciation	1,351
Taxation (including deferred tax)	2,786
Profit/(Loss) after tax	5,617

- 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 2015-16, 2016-17 and 2017-18 is given below:

Sl. No.	Financial year	Name of the Company	Remuneration (Amt in Rs.)
1.	2015-16	United Spirits Limited	118,620,454
2.	2016-17	United Spirits Limited	127,843,692
3.	2017-18	United Spirits Limited	129,848,574

- 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. Kripalu 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.

- iv. 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

## NOTICE (CONTINUED)

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
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
2015-16	Rs. 233,107 mns	Rs. 1,219 mns	Rs. 35,598 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 63% of net sales in value as on March 31, 2018 and further improved to 66% of net sales value for the six month ended September 30, 2018. 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: The remuneration for Mr. Kripalu has been approved by the shareholders in their meeting held on November 24, 2015. There is no change in the existing remuneration. The detailed remuneration has been reproduced in Item No. 2 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:

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:

## NOTICE (CONTINUED)

(Amount in Rs. million)

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 (Opening Balance)	Nil	(17,844.95)

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. This has resulted in the revised brought forward figure of loss from financial year 2017-18 of Rs. 17,844.95 million to be considered for set off against the profits of financial year 2018-19 onwards 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 63% of the net sales for the financial year ended March 31, 2018 which further increased to 66% of net sales for the six months ended September 30, 2018.

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
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
2015-16	Rs. 233,107 mns	Rs. 1,219 mns	Rs. 35,598 Crs

## NOTICE (CONTINUED)

- 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.2, 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. 2 for approval of the members as a special resolution through postal ballot.

## NOTICE (CONTINUED)

### Item 3:

- I. Certain amendments have been carried out *inter alia* to Sections 196 to 198 and Schedule V of the Companies Act, 2013 ("Act") by way of the Companies (Amendment) Act, 2017, which are effective from September 12, 2018 ("Amendments"), relating to the remuneration payable to all the directors by a company. Pursuant to the Amendments, all accumulated losses of a company are required to be set off against the profits in a given financial year while calculating the profits of the Company for such financial year under Section 198. The Company has negative free reserves and accumulated losses of approximately Rs. 2,658 crores as of March 31, 2018 based on this revised calculations. It is estimated that the revised calculations pursuant to these Amendments may result in the profits of the Company (calculated in terms of Section 198) being negative for the financial year ending March 31, 2019 and in the immediate near future.

The revised remuneration currently being paid to Mr. Sanjeev Churiwala, Executive Director and Chief Financial Officer of the Company was previously approved by the members of the Company at the Eighteenth Annual General Meeting of the Company held on August 30, 2017 as per the then existing prevailing limits under Section 197 read with Schedule V and applicable provisions of the Act as minimum remuneration in the event of absence or inadequacy of profits. However pursuant to the Amendments, the profits of the Company under Section 198 is expected to be negative for the financial year ending March 31, 2019 and in the immediate near future even if there is no change in the underlying performance of the Company and the remuneration payable to Mr. Churiwala is, therefore, likely to be in excess of the limits currently prescribed under the Act.

Pursuant to the Amendments to the Act, approval of the members is sought for the resolution at Item No. 3 for paying such excess remuneration to Mr. Churiwala for a period of three years effective April 01, 2018 till March 31, 2021, with the tenure of appointment upto and including March 31, 2022. ***This resolution is only for regularising the remuneration already approved by the members of the Company in view of the amended provisions of the Act and there is no increase in existing remuneration approved by the members.***

Technically the remuneration would have been within 5% of Net profits of the Company for the year as in the previous years in terms of Section 197 of the Act prior to the amendment referred to above. However, due to the revised method of calculation, consequent to the Amendment, this limit is likely to be breached considering the past accumulated losses also in these calculations. The company as on date is not in default in payment of dues to any bank or public financial institution or to non-convertible debenture holders or to any other secured creditor.

The Nomination and Remuneration Committee has reviewed this matter and recommended to the Board of Directors. The Board of Directors have approved the same at the meeting held on October 31, 2018.

- 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, 2018 is given below

Particulars	Rupees in millions	
		Amount
Gross sales		260,691
Profit/Loss from operations		9,664

## NOTICE (CONTINUED)

Particulars	Amount
Exceptional and other non-recurring items	(90)
Less:	
Depreciation	1,351
Taxation (including deferred tax)	2,786
Profit/(Loss) after tax	5,617

- 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 Sanjeev Churiwala:

- i. Background Details: Mr. Sanjeev Churiwala is a fellow member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India and Institute of Cost and Management Accountants of India, besides holding an Executive MBA from the London Business School, UK.

- ii. Past Remuneration:

Mr Churiwala was CFO in Ambuja Cements Limited before joining the Company. The remuneration drawn by Mr. Churiwala in the preceding three financial years 2015-16, 2016-17 and 2017-18 is given below:

Sl. No.	Financial year	Name of the Company	Remuneration (Amt in Rs.)
1.	2015-16 (1-Apr-2015 to 15-Nov-2015)	Ambuja Cements Limited	244,13,000
2.	2015-16 (16-Nov-2015 to 31-Mar-2016)	United Spirits Limited	16,469,761
3.	2016-17	United Spirits Limited	40,414,614
4.	2017-18	United Spirits Limited	43,458,352

- iii. Recognition or Awards/Achievements: Prior to joining United Spirits Limited, Mr Churiwala was with LafargeHolcim's Indian subsidiary Ambuja Cements, a leading producer of cement, where he held the position of CFO since early 2011, leading the finance function and also overseeing the secretarial and legal functions.

Mr Churiwala worked with Ambuja Cements for about two decades in roles that included finance, business development, project management, commercial operations, business and financial integration. Very early in his career, Mr Churiwala had brief stints with ICRA Ltd. and Electrosteel Castings Ltd.

In 2011, Mr Churiwala received the Best CFO Award from Business Today - Yes Bank for commitment towards Triple Bottom Line ethos of People, Planet & Profit. In 2015, he received the prestigious Best CMA CFO-2014 Award among private sector companies in the manufacturing sector, awarded by the Institute of Cost Accountants of India.

Job profile and his suitability: In his current position his task is to enable finance transformation through automation, IT enablement enabling better financial reporting, compliance and digitization of various processes and to enhance quality of earnings reporting. The ED & CFO's role is also to maintain a strong balance sheet, with debt portfolio diversification and better sweating of assets as key focus areas. Other areas include risk management processes and controls.

## NOTICE (CONTINUED)

Mr Churiwala is well qualified and experienced to steer the Company to greater heights as has been demonstrated in the financial performances in the last three years, as shown below.

Financial Year	Gross Sales	Profit After Tax	Market Capitalisation
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
2015-16	Rs. 233,107 mns	Rs. 1,219 mns	Rs. 35,598 Crs

Despite extraordinary changes in the external environment like demonetisation of high value notes, alcohol exclusion in GST, constant regulatory changes and its fall-out and the uncertainty resulting therefrom, the Company has delivered strong financial performance.

Mr Churiwala has contributed to efficient management of capital structure and funding strategy which has resulted in better debt mix, reduced debt to about Rs.3000 crores as on March 31, 2018 and strengthened our ability to renegotiate borrowing costs. This has delivered lower interest costs consistently in the last couple of years, thus enabling us to improve earnings. Further credit ratings improved and ICRA upgraded our Long-Term rating from A+ to AA+ as a result of the greater efficiency, operating performance and financial discipline.

- iv. Remuneration Proposed: The remuneration for Mr. Churiwala has been approved by the shareholders in their meeting held on August 30, 2017. There is no change in the existing remuneration. The detailed remuneration has been reproduced in Item No. 3 of the Resolution.

- v. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

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

1. Hindustan Unilever Limited	-	Rs. 4.18 Crores
2. ITC Limited	-	Rs. 3.43 Crores
3. Marico Limited	-	Rs. 2.19 Crores
4. Larsen & Toubro Limited	-	Rs. 17.22 Crores
5. Tata Consultancy Services	-	Rs. 3.37 Crores

- vi. 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:

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:

## NOTICE (CONTINUED)

(Amount in Rs. million)

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 (Opening Balance)	Nil	(17,844.95)

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. This has resulted in the revised brought forward figure of loss from financial year 2017-18 of Rs. 17,844.95 million to be considered for set off against the profits of financial year 2018-19 onwards 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 63% of the net sales for the financial year ended March 31, 2018 which further increased to 66% of net sales for the six months ended September 30, 2018.

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
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
2015-16	Rs. 233,107 mns	Rs. 1,219 mns	Rs. 35,598 Crs

iv. Professional capacity – The ED & CFO 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 ED & CFO does not have any direct or indirect interest or related to the



## NOTICE (CONTINUED)

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 ED and CFO 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 ED and CFO 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 ED and CFO 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 ED and CFO 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. Churiwala 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 through postal ballot.

### Item 4:

Certain amendments have been carried out *inter alia* to Sections 196 to 198 and Schedule V of the Companies Act, 2013 ("Act") by way of the Companies (Amendment) Act, 2017, which are effective from September 12, 2018 ("Amendments"), relating to the remuneration payable to all the directors by a company. Pursuant to the Amendments, all accumulated losses of a company are required to be set off against the profits in a given financial year while calculating the profits of the Company for such financial year under Section 198. The Company has negative free reserves and accumulated losses of approximately

## NOTICE (CONTINUED)

Rs. 2,658 crores as of March 31, 2018 based on this revised calculations. It is estimated that the revised calculations pursuant to these Amendments may result in the profits of the Company (calculated in terms of Section 198) being negative for the financial year ending March 31, 2019 and in the immediate near future.

The remuneration currently being paid to the non-executive directors of the Company, was previously approved by the members of the Company at the Fifteenth Annual General Meeting of the Company held on September 30, 2014, as per the then existing prevailing limits under Sections 196 to 198. However pursuant to the Amendments, the profits of the Company under Section 198 for the financial year ending March 31, 2019 is expected to be negative and the remuneration payable may therefore be in excess of the limits currently prescribed under the Act, including such remuneration being payable to such non-executive directors.

Pursuant to the Amendments, approval of the members is being sought for the resolution at Item No.4 for continuing to pay such remuneration to the non-executive directors subject to an overall limit of Rs 4,00,00,000/- (Rupees Four Crores) per annum or not exceeding 1% of the profits of the Company, whichever is higher as aggregate Commission for all such non-executive directors (to be paid quarterly, half yearly or annually or such other intervals as may be decided by the Board of Directors). The above limits shall continue to be valid till March 31, 2021, or end of their tenure of appointment/reappointment, whichever is earlier.

Technically the remuneration would have been within 1% of Net profits of the Company for the year as in the previous years in terms of Section 197 of the Act prior to the amendment referred to above. However, due to the revised method of calculation, consequent to the Amendment, this limit is likely to be breached considering the past accumulated losses also in these calculations. The company as on date is not in default in payment of dues to any bank or public financial institution or to non-convertible debenture holders or to any other secured creditor.

- I. 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, to the extent applicable 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, 2018 is given below

Rupees in millions

Particulars	Amount
Gross sales	260,691
Profit/Loss from operations	9,664
Exceptional and other non-recurring items	(90)
Less:	
Depreciation	1,351
Taxation (including deferred tax)	2,786
Profit/(Loss) after tax	5,617

- 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.

## NOTICE (CONTINUED)

### B. Brief note about the present non-executive directors:

- i. Background Details: Background details of existing non-executive directors are provided in Para II (4) below.
- ii. Past Remuneration:

Past remuneration paid by the Company for the non-executive directors are given below:

For the financial year 2014-15

(Amount in Rs.)

Sl. No.	Name of the Director	Commission	Sitting fee	Total
1	Mahendra Kumar Sharma	NA	NA	NA
2	Dr. Indu Shahani	Nil	8,70,000	8,70,000
3	D Sivanandan	Nil	17,40,000	17,40,000
4	V K Viswanathan	NA	NA	NA
5	Rajeev Gupta	Nil	1,00,000	1,00,000
<b>Total</b>		<b>Nil</b>	<b>27,10,000</b>	<b>27,10,000</b>

For the financial year 2015-16

(Amount in Rs.)

Sl. No.	Name of the Director	Commission	Sitting fee	Total
1	Mahendra Kumar Sharma	25,00,000	18,00,000	43,00,000
2	Dr. Indu Shahani	20,00,000	26,00,000	46,00,000
3	D Sivanandan	20,00,000	33,50,000	53,50,000
4	V K Viswanathan	NA	NA	NA
5	Rajeev Gupta	20,00,000	18,00,000	38,00,000
<b>Total</b>		<b>85,00,000</b>	<b>95,50,000</b>	<b>1,80,50,000</b>

For the financial year 2016-17

(Amount in Rs.)

Sl. No.	Name of the Director	Commission	Sitting fee	Total
1	Mahendra Kumar Sharma	46,51,745	14,00,000	60,51,745
2	Dr. Indu Shahani	38,72,485	14,00,000	52,72,485
3	D Sivanandan	38,72,485	16,00,000	54,72,485
4	V K Viswanathan	15,65,503	4,50,000	20,15,503
5	Rajeev Gupta	33,00,000	10,50,000	43,50,000
<b>Total</b>		<b>1,72,62,218</b>	<b>59,00,000</b>	<b>2,31,62,218</b>

For the financial year 2017-18

(Amount in Rs.)

Sl. No.	Name of the Director	Commission	Sitting fee	Total
1	Mahendra Kumar Sharma	47,00,000	5,00,000	52,00,000
2	Dr. Indu Shahani	41,00,000	7,25,000	48,25,000
3	D Sivanandan	41,00,000	5,75,000	46,75,000
4	V K Viswanathan	38,00,000	6,25,000	44,25,000
5	Rajeev Gupta	35,00,000	4,50,000	39,50,000
<b>Total</b>		<b>2,02,00,000</b>	<b>28,75,000</b>	<b>2,30,75,000</b>

## NOTICE (CONTINUED)

- iii. Recognition or Awards/Achievements: These details are covered as a part of the profiles provided in Para II (4) below.
- iv. Job profile and his suitability: These details are covered as a part of the profiles provided in Para II (4) below.
- v. Remuneration Proposed: Aggregate remuneration in the form of commission not exceeding 1% of the profits of the Company or, in the aggregate of Rs. 4,00,00,000/- (Rupees Four Crores Only) in each financial year of the Company for all non-executive directors (including non-executive directors to be appointed in future), whichever is higher, is to be paid.
- vi. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:  
 The remuneration in the form of commission paid to the non-executive directors of the following comparable Companies for the FY 2017-18 are given below for the purpose of comparison:
- |                               |    |                  |
|-------------------------------|----|------------------|
| 1. Hindustan Unilever Limited | –  | Rs. 1.80 crores  |
| 2. ITC Limited                | –  | Rs. 2.92 crores  |
| 3. Marico Limited             | –  | Rs. 7.52 crores  |
| 4. Larsen & Toubro Limited    | –  | Rs. 5.58 crores  |
| 5. Tata Consultancy Services  | -- | Rs. 12.65 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:

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:

(Amount in Rs. million)

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 (Opening Balance)	Nil	(17,844.95)

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

## NOTICE (CONTINUED)

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. This has resulted in the revised brought forward figure of loss from financial year 2017-18 of Rs. 17,844.95 million to be considered for set off against the profits of financial year 2018-19 onwards 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 63% of the net sales for the financial year ended March 31, 2018 which further increased to 66% of net sales for the six months ended September 30, 2018.

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
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
2015-16	Rs. 233,107 mns	Rs. 1,219 mns	Rs. 35,598 Crs

iv. Professional capacity – The non-executive independent directors are professionals in their respective fields possessing expertise and specialised knowledge beyond the graduate level qualification and are not having any interest in the capital of the company, its holding company or any of its subsidiary companies. The non-executive independent directors do 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.

II. 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 Non-Executive Independent Directors may be entitled to remuneration payable by such other companies on the terms and conditions of such appointments.
- (4) Professional qualification and experience – This resolution is an enabling resolution and covers present and future Non-Executive Directors on the Board of the Company. The profile of the present Non-Executive Independent Directors are given below.

## NOTICE (CONTINUED)

a. Mahendra Kumar Sharma:

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 and Asian Paints. He is also a member of the Executive Board of the Indian School of Business.

b. V.K.Viswanathan:

V.K. Viswanathan is a Chartered Accountant from the Institute of Chartered Accountants of India. He has completed several advanced leadership management training programmes from many prestigious institutions, including Stanford University. Mr. Viswanathan has over 40 years' experience in the automotive and consumer goods sectors and is currently Chairman of Bosch Limited. He has held various leadership positions in Bosch Group, Hindustan Unilever Limited and Tata Consultancy Services across the globe, including India, UK, Germany and USA. He is also on the board of several companies, including Bharti Airtel Limited, HDFC Standard Life Insurance Company Limited, TransUnion CIBIL Limited etc. He also serves as a Management Committee member of the Indo-German Chamber of Commerce.

c. D.Sivanandhan:

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 the RBI for three years. He is on the Board of several prestigious companies.

d. Rajeev Gupta:

Rajeev Gupta graduated from the Indian Institute of Technology, Varanasi, and has an MBA from the Indian Institute of Management, Ahmedabad. He has over 35 years' experience in manufacturing, investment banking and private equity. A former Joint MD of DSP Merrill Lynch, he is currently the 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.

e. Dr.Indu Shahani

Dr. Shahani is the President and Chairperson of the Indian School of Design and Innovation (ISDI) and Founding Dean of Indian School of Management and Entrepreneurship (ISME). Formerly Sheriff of Mumbai, Dr. Shahani served as the Principal of H.R. College of Commerce and Economics in Mumbai from the year 2000 until July 2016. She is on the board of several Indian Companies. A doyen in the field of academics, Dr. Shahani has over three decades of teaching experience at the College and University level. Dr. Shahani was awarded an Honorary Doctor of Letters degree by the University of Westminster in London. She is acknowledged worldwide for her significant contribution to education and value-based leadership

## NOTICE (CONTINUED)

- (5) The relationship between remuneration and performance – Remuneration payable to Non-Executive Independent Directors is based on their roles and responsibilities including the following:
- Membership of Committees
  - Chairmanship of the Committees/Board
  - Benchmarking with other companies
- (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 payable to Non-Executive Directors takes care of the remunerations of comparable companies to the remuneration payable to the Non-Executive Directors and recommends to the Board remuneration which meets that benchmark.
- (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. The remuneration policy for the 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 – None of the present Non-Executive Independent Directors hold any shares of the Company and are not eligible for stock options within the meaning of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The company as on date is not in default in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor. The Board of Directors have approved the same at the meeting held on October 31, 2018.

None of the Directors and/or Key Managerial Personnel of the Company, other than the non-executive directors 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 through postal ballot.

### **Item 5- Approval for granting loans to Pioneer Distilleries Limited.**

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 this funding of an additional loan up to Rs. 150,00,00,000 (Rupees One Hundred and Fifty Crore Only), 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.

## NOTICE (CONTINUED)

(Rs. in Crs)

Position as on March 31, 2018, Audited Financial Statement	
Particulars	Amount
Paid-up Capital	145
Securities Premium	4568
General Reserves	1103
Free Reserves	(3462)
<b>Total</b>	<b>2354</b>
<b>60% of Total (A)</b>	<b>1412.4</b>

(Rs. in Crs)

Position as on March 31, 2018, Audited Financial Statement	
Securities Premium	4568
General Reserve	1103
Free Reserve	(3462)
<b>Total (B)</b>	<b>2209</b>

Higher of (A) and (B) above (C) – Rs.2209 crores

Loans, investment and guarantees including present and proposed loans (D) – Rs.1779.9 crores

Excess of (C) and (D) – Rs. 429.1 crores

Due to the limits prescribed under Section 186 which in the above case is Rs. 2209 Crores is more than the figure of the existing loans and investments of about Rs. 1780 Crores (including the existing and proposed loans and investments) the proposed loan of Rs. 150 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, 2018 is Rs. 135.4 Crores

### 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'.

### 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.



## NOTICE (CONTINUED)

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 150 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. **Date of approval by the Board of Directors** – October 31, 2018.

The above disclosure also meet similar requirements under Section 186 of the Companies Act as well.

None of the directors and key managerial personnel of the Company are concerned or interested in the resolution.

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

**By order of the Board of Directors  
For United Spirits Limited**

**V. Ramachandran  
Executive Vice President and Company Secretary**

Place: Bengaluru  
Date : October 31, 2018

### Encl.:

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



**UNITED SPIRITS LIMITED**

CIN : L01551KA1999PLC024991

Registered Office: "UB Tower", #24, Vittal Mallya Road, Bengaluru 560001, India

Tel.: +91 80 3985 6500, 2221 0705, Fax: +91 80 3985 6862

E-mail: investor.india@diageo.com Website: [www.diageoindia.com](http://www.diageoindia.com)

**POSTAL BALLOT FORM**

(Please read the instructions printed overleaf before completing this form)

Postal Ballot No. \_\_\_\_\_

1. Name of the First named Shareholder (In Block Letters) & Address of the First Named Shareholder:

2. Name(s) of the Joint Holder(s) if any (in block letters) :

3. Registered Folio No./DP id Client id.\* :

\*(Applicable to Shareholders holding shares in dematerialized form)

4. Number of shares held :

5. Class of share : Equity Shares

I/We hereby exercise my/our vote in respect of 'Special Resolutions' to be passed through Postal Ballot for the Special Business stated in the notice dated October 31, 2018 of the Company by sending my/our assent (FOR) or dissent (AGAINST) to the said 'Special Resolutions' by placing the tick mark (✓) in the appropriate box below:

Sr. No.	Description of the Resolutions	No. of Shares held	FOR I/We Assent to the Resolutions	AGAINST I/We Dissent to the Resolutions
1)	Approval of members for payment of excess remuneration to Mr. Anand Kripalu (DIN: 00118324), Managing Director and Chief Executive Officer for the financial year ended March 31, 2015			
2)	Approval of members for payment of remuneration to Mr. Anand Kripalu (DIN: 00118324), Managing Director and Chief Executive Officer till August 13, 2019			
3)	Approval of members for payment of remuneration to Mr. Sanjeev Churiwala (DIN: 00489556), Executive Director and Chief Financial Officer till March 31, 2021			
4)	Approval for payment of Remuneration to Non-Executive Directors			
5)	Approval for granting loans to Pioneer Distilleries Limited			

Place :

Date :

(Signature of the Member)

EVSN (Electronic Voting Sequence Number)	PAN No./SEQ. No.	USER ID	PASSWORD
181211005			Refer instructions mentioned in Serial No.13 of Postal Ballot Notice

**NOTE:** Please read carefully the instructions for voting (including e-voting), which is printed at the end of the accompanying Postal Ballot Notice, before exercising your vote.

## **ELECTRONIC VOTING PARTICULARS**

### **GENERAL INSTRUCTIONS**

- a) The voting rights for the equity shares of the Company are one vote per equity share, registered in the name of the shareholder(s).
- b) Voting rights shall be reckoned on the paid-up value of the shares registered in the name(s) of the shareholder(s) as on December 07, 2018.
- c) Voting by Postal Ballot, in the physical form or e- voting, can be exercised only by the shareholder or his/her duly constituted attorney or in case of bodies corporate, by the duly authorized person. Voting rights in a Postal Ballot cannot be exercised by a Proxy.
- d) Voting period commences on December 20, 2018 (9.00 a.m.) and ends on January 18, 2019 (5.00 p.m.).
- e) Kindly note that the shareholder(s) can opt for only one mode of voting, i.e. either Physical Ballot or e- voting. However, in case shareholders cast their vote by Physical Ballot and e- voting, then voting done through valid e-voting shall prevail and the voting done by physical Postal Ballot will be treated as invalid.
- f) The Scrutinizer's decision on the validity of the Postal Ballot shall be final.
- g) The Company shall announce the results of the Postal Ballot at its Registered Office at UB Tower, #24 Vittal Mallya Road, Bengaluru- 560001 Karnataka, India on or before January 20, 2019 (5.00 p.m). The date of declaration of Postal Ballot results will be taken as the date of passing of the Resolutions contained in this Notice.
- h) Any query in relation to the Resolutions proposed to be passed by Postal Ballot may be sent to the Company at UB Tower, #24 Vittal Mallya Road, Bengaluru- 560001 Karnataka, India; e-mail id: investor.India@diageo.com or to the Registrars at the e-mail id : [bglst@integratedindia.in](mailto:bglst@integratedindia.in)