

# PIONEER DISTILLERIES LIMITED

Corporate Identity Number: L24116KA1992PLC125992  
Reg. Office: UB Tower, Level 10 #24, Vittal Mallya Road Bengaluru – 560 001  
Tel: +91 80 2221 0705, +91 80 3964 2207; Fax: +91 80 3985 6862  
Web: www.pioneerdistilleries.com Email: pdlinvestor.india@diageo.com

**DIAGEO**  
INDIA

## NOTICE

Notice is hereby given of the **Twenty Sixth Annual General Meeting (“AGM”)** of Pioneer Distilleries Limited (the “Company”) to be held at The Capitol Hotel, No. 3, Raj Bhavan Road, Bengaluru -560 001 on Thursday, September 12, 2019 at 3.30 p.m. for the following purposes:

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended March 31, 2019 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of **Mr. Ajay Goel (DIN: 07642136)**, who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s), the following Resolutions:

3. Appointment of Mr Ravi Varma (DIN: 02168293) as a Director:

#### As an Ordinary Resolution

**RESOLVED THAT** Mr Ravi Varma (DIN: 02168293), Managing Director of the Company who was appointed as an additional director of the Company and whose period of office expires on the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director and recommended by the Nomination and Remuneration Committee, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

4. Appointment of Mr Ravi Varma (DIN: 02168293) as a Managing Director for a period of two years:

#### As a Special Resolution

**RESOLVED THAT** subject to the provisions of sections 196 and 197, read with schedule V and other applicable provisions of Companies Act 2013, or any statutory modification or re-enactment thereof, Mr Ravi Varma (DIN: 02168293), Managing Director of the Company who was appointed as an additional director of the Company and whose period of office expires on the date of this Annual General Meeting, and whose term has been recommended by the Nomination and Remuneration Committee and approved by the Board, be and is hereby appointed as Managing Director of the

Company for a period of 2 years, on the following terms and conditions:

1.	Basic Salary	Basic Salary of Rs. 1,50,310/- per month
2.	Basket of Allowance	Up to Rs. 2,51,762/- per month as per the policy of the Company.
3.	Annual Incentive Plan	Annual Incentive Plan (Rs.8,41,737/- per year based on multiple of 1) is a non-guaranteed incentive payment based on overall company's and individual performance which is subject to variation based on the performance of the director and achievement of targets by the Company.
4.	Provident Fund	Admission and contributions will be as per the applicable statutory provisions.
5.	Gratuity	Payable as per the statutory provisions and the rules of the Company.
6.	Insurance	i. Group personal accident and term life insurance- Applicable as per the policy of the Company. ii. Group Mediclaim policy- Applicable as per the policy of the Company.
Tax Liability - The taxability of various allowances /reimbursements mentioned above is to be considered in the light of existing tax laws or as amended from time to time.		
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.		

Provided that Board of Directors of the Company may revise the aforesaid remuneration, from time to time, within the tenure of his appointment subject to the recommendation of Nomination and Remuneration Committee and the remuneration payable to Mr. Ravi Varma (including salary, Special Allowance, Personal Allowance, Annual Incentive plan (AIP) or equivalent 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 and within the limits stated therein.

**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

## NOTICE (CONTINUED)

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.

- Appointment of Ms. Srivathsala K N (DIN: 06465469) as a Director:

### As an Ordinary Resolution

**RESOLVED THAT** subject to the provisions of Section 161 and 149 of Companies Act, 2013, Ms. Srivathsala K N (DIN: 06465469), who was appointed as an additional director of the Company and whose period of office expires on the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director and recommended by the Nomination and Remuneration Committee, be and is hereby appointed as an Independent Director of the Company for a term of five years without being liable to retirement by rotation.

- Approval for availing loans and take guarantee from Related Party:

### As an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and other applicable provisions if any of SEBI Listing Regulations, Companies Act, 2013, and the rules made thereunder, if any or under any other laws and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the members of the Company be and is hereby accorded to the Company, to borrow additional loans from United Spirits Limited (“USL”), the holding company of the Company, up to Rs. 200,00,00,000 (Rupees Two Hundred Crores only) (over and above the existing loans already approved and availed by the Company), such that the aggregate limit of loan borrowed from USL shall be Rs. 485,00,00,000 (Rupees Four hundred eighty five crore only) including any existing loan taken from USL, in one or more tranches having a repayment period and interest rates and other terms and conditions as may be permissible under law and as may be agreed to between the Company and USL from time to time.

**RESOLVED FURTHER THAT** pursuant to the provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and other applicable provisions if any of SEBI Listing Regulations, Companies Act, 2013, and the rules made thereunder, if any or under any other laws and

subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the members of the Company be and is hereby accorded to the Company, to seek Guarantee from United Spirits Limited in connection with a loan taken by the Company or for guarantee in connection with any obligation of the Company up to an aggregate amount of Rs. 350 Crores (Rupees Three Hundred and Fifty Crores only) including any existing guarantee obtained from USL.

**RESOLVED FURTHER THAT** commission/fee, as may be mutually agreed to between the Company and USL from time to time, shall be in the range of 0.25% p.a. to 0.75% p.a. of the guarantee amount.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and 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, matters 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 be and hereby authorised to delegate any of its powers conferred by the above resolution to any director or directors or to any committee of directors or to any other officer or officers of the Company or to Company Secretary to give effect to the above resolution.

By Order of the Board

Bengaluru  
July 18, 2019

**Akshara B L**  
Company Secretary

### NOTES:

Please refer to the explanatory statement given hereunder.

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF ONLY ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Pursuant to the provisions of Section 105 of the Companies Act, 2013 and rules made thereunder, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. Proxies submitted on behalf

## NOTICE (CONTINUED)

of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

The proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding of the Annual General Meeting (AGM).

2. The Transfer Books and Register of Members will remain closed from September 06, 2019 to September 12, 2019 (both days inclusive).
3. Members are requested to intimate immediately to the Company's Registrars and Transfer Agents, M/s. Venture Capital and Corporate Investments Private Limited, Regd. Office: 12-10-167, Bharat Nagar, Hyderabad 500 018, in case of physical form and to their respective Depository Participants, in case of shares held in dematerialized/electronic form:
  - a. any change in their registered addresses along with PIN Code Number;
  - b. details about their email addresses, if any, so that all notices and other statutory documents which are required to be sent to the Members, as per the provisions of the Companies Act, 2013, can be sent to their email addresses; and
  - c. details about their bank account number, name of the bank, bank's branch name and address to enable the Company to draw dividend warrant payable accordingly.
4. Members holding shares in the same name or same order of names under different ledger folios are requested to apply for consolidation of such folios, to the Company's Registrars and Transfer Agents, at the address as stated in Note No. 3 above.
5. Members may please address all their documents/correspondence relating to the equity shares of the Company directly to the Company's Registrars and Transfer Agents, at the address as stated in Note No.3 above.
6. Nomination facility for shares is available for Members. The prescribed format in this regard can be obtained from the Company's Registrars and Transfer Agents, at the address as stated in Note No.3 above.
7. The Company's equity shares are under compulsory dematerialisation. Accordingly, trading of these shares through the Stock Exchanges would be facilitated if the share certificates are dematerialised. Members having the physical share certificates are advised to consider opening of a Demat Account with an authorised Depository Participant and arrange for dematerialising their shareholdings in the Company.
8. Transfer of Unclaimed / Unpaid amounts to the Investor Education and Protection Fund (IEPF):

In terms of Section 205A and 205C of the Companies Act, 1956 and Section 124 and 125 of the Companies Act, 2013, the amount of dividend declared and remaining unclaimed for a period of seven years from the due date of payment have been transferred to the Investor Education and Protection Fund on the respective due dates. Accordingly, all unclaimed / unpaid dividend remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the Company for the amounts so transferred to IEPF Account.

As per Section 124(6) of the Act read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account.

The Company has sent notice to all the members whose Dividends are lying unpaid / unclaimed against their name for seven consecutive years or more. Members are requested to claim from the IEPF Authority in respect of the dividend transferred to IEPF account.

In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5. Members can file only one consolidated claim in a financial year as per the current IEPF Rules.

9. Members attending the AGM are requested to bring with them the following:
  - a. Members holding shares in dematerialized form, their DP & Client ID Numbers.
  - b. Members holding shares in physical form, their Folio Numbers.
  - c. Copy of the Annual Report and Notice, as no copies thereof would be distributed at the AGM.
  - d. The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company.

The Company would accept only the Attendance Slip from a member attending the AGM; or from the person attending as a proxy under a valid proxy form registered with the Company not later than 48 hours prior to the AGM. Attendance Slips of Members/valid proxies not personally present at the AGM, or relating to Proxies which are invalid, will not be accepted from any other member/person.

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

**NOTICE (CONTINUED)**

10. The Company has designated an exclusive email id viz., [pdlinvestor.india@diageo.com](mailto:pdlinvestor.india@diageo.com) to enable the investors to post their grievances and monitor its redressal.
11. Corporate members are required to send to the Company a certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the AGM.
12. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to Members with a facility to exercise their right to vote at the AGM for the business to be transacted in addition to electronic voting (“e-voting”) services provided by Central Depository Services Limited (“CDSL”).
13. The instructions for shareholders voting electronically are as under:
  - A. Members whose shareholding is in the dematerialised form and whose e-mail addresses are registered with the Company/Depository Participants will receive an e-mail informing login details.
    - (i) The e-voting period begins on September 9, 2019 at 9.00 a.m and ends on September 11, 2019 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form as on the cut-off date of September 05, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
    - (ii) The shareholders should log on [www.evotingindia.com](http://www.evotingindia.com) and follow the e-voting instructions given below:
    - (iii) Click on Shareholders/Members.
    - (iv) Now Enter your User ID
      - a. For CDSL: 16 digits beneficiary ID,
      - b. For NSDL: 8 Character DP ID followed by 8 Digits Client, ID,
      - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
    - (v) Next enter the Image Verification as displayed and Click on Login.
    - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any other company, then your existing password is to be used.
    - (vii) If you are a first time user follow the steps given below:

PAN	<p>For members holding shares in Demat Form and Physical Form</p> <ul style="list-style-type: none"> <li>• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>• Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN (Electronic Voting Sequence Number) for Pioneer Distilleries Limited on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

## NOTICE (CONTINUED)

- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out a print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) A. Note for Non-Individual Shareholders and Custodians.
  - a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - c. After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - d. The list of account(s) should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - B. For members whose shareholding is in the Dematerialisation form and whose e-mail address is not registered with the Company/Depository Participants, members holding shares in Physical form as well as those members who have requested for a physical copy of the Notice and Annual Report, the following instructions may be noted:
    - (i) login details is provided at the bottom of the Attendance Slip for the AGM: EVSN (Electronic Voting Sequence Number);
    - (ii) Please follow all steps in Note 13A above to cast your vote.
- 14. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and voting user manual for Members available at the downloads section of [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) The e-voting period commences on September 9, 2019 (09:00 a.m.) and ends on September 11, 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 of September 05, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 05:00 p.m. on September 11, 2019.
- 15. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date of September 05, 2019.
- 16. Mr. Sudhir V Hulyalkar, Company Secretary in Practice (CP-6137); Address: 16/8, Ground Floor, 2<sup>nd</sup> Cross, Gupta layout, South End Road (Near South End Circle), Basavanagudi, Bengaluru 560004 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- 17. The Scrutinizer shall, not later than 48 hours after the conclusion of the AGM, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairperson/any other Director(s)/a person authorized by Chairperson of the Company.
- 18. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s

## NOTICE (CONTINUED)

website - [www.pioneerdistilleries.com](http://www.pioneerdistilleries.com) and on the website of NSDL within forty eight (48) hours of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

19. Documents referred to in this Notice and the accompanying Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 a.m. to 5.00 p.m.) on all working days except Saturdays, up to and including the date of the AGM of the Company.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No. 3 and 4: Appointment of Mr. Ravi Varma as a Director and Managing Director:

Mr Ravi Varma, Managing Director of the Company, was appointed as an additional director in the capacity of Managing Director on the recommendation of the Nomination and Remuneration Committee with effect from 3<sup>rd</sup> October, 2018 for a period of two years at the board meeting held on 1<sup>st</sup> October, 2018 in place of Mr. B. V. Krishna Reddy consequent upon his resignation due to personal reasons. Pursuant to the provisions of Section 160, 161 and other applicable provisions, if any of the Companies Act, 2013 ('Act') and the Articles of Association of the Company approval of the members is required by way of Ordinary and Special Resolution for the respective resolutions no. 3 & 4.

Mr. Ravi Varma's competency, qualification and experience are provided in the disclosure relating to the directors pursuant to Regulation 36(3) of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulation') and Secretarial Standards on general meetings, which forms part of this notice.

Other disclosure to be provided in term of Section 196, 197 and 198 of the Act read with Schedule V and applicable Rules under the Act and SEBI Regulation, as the case may be are given below:

AI. 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:

- A.i. Nature of industry: Alcoholic Beverages
- A.ii. Date or expected date of commencement of commercial production: Existing Company
- A.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

A.iv. Financial performance based on given indicators: The Key Financial Parameters of the Company as on March 31, 2019 is given below:

(Rs. In Lakhs)

Particulars	2018-19	2017-18
Gross sales	12,822.44	12,370.03
Add: Other operating revenue	1,015.70	1,129.95
Add: Other income	437.00	281.33
<b>Total Income</b>	<b>14,275.14</b>	<b>13,781.31</b>
Less: Cost of goods sold	9,356.65	10,263.00
Less : Excise duty	-	11.85
Less: Other costs	4,143.33	4,033.86
<b>Earnings before government grant, depreciation, interest and taxes</b>	<b>775.16</b>	<b>-527.40</b>
Add: Government grant	-2,686.18	16,685.44
<b>Earnings before depreciation, interest and taxes</b>	<b>-1,911.02</b>	<b>16,158.04</b>
Less: Interest costs	2,935.48	2,254.48
Less: Depreciation	4,861.00	3,661.16
<b>Earnings before taxes</b>	<b>-9,707.50</b>	<b>10,181.40</b>
Income tax expenses	-2,999.27	3,180.09
Other comprehensive income (Net of tax)	-13.00	42.00
<b>Profit / (loss) available for appropriation</b>	<b>-6,721.23</b>	<b>7,043.31</b>

Other Financial metrics are given in the Directors Report.

v. Foreign investments or collaborations: Company is an indirect subsidiary of Diageo plc (through United Spirits Limited) which owns 75% of the paid-up equity capital of the Company.

#### B. Brief note about Mr Ravi Varma:

Background Details: Mr Ravi Varma has an Experience of about 25 years in Alcoholic Beverage and related Industries. Prior to moving to Pioneer Distilleries, he was with United Spirits Limited ('USL'), a Diageo group Company from January 2013 to September 2018, wherein he was responsible for handling manufacturing operations and operational excellence. He was instrumental in carrying out significant transformation of the sites, operations, overall performance & productivity, implementing Operational Excellence and team capability at Nacharam distillery of USL. He had worked with various Manufacturing Units in different functional as well as lead roles in Shaw Wallace Company (SWC) before heading Tie Up operations as Coordinator for AP Tie-up and played a major role in outsourcing SWC-USL synergy during merger, Before Moving to MGM Group as Manufacturing Head for MGM Andhra Pradesh Operations. He was on the board

## NOTICE (CONTINUED)

as an Executive Director in Kakatiya Properties, Flax Hydro Energy (Lead Hydel Power-Project) and SML Beverages. He was also heading as a Chief Executive Franchise (M&S Bottling), Khoday's franchise partner for AP Mfg & Business in South – Heading Supply and Demand teams prior to his role in USL.

Mr. Varma is a management professional and graduate in Chemistry, having rich experience in the field of Alco Bev manufacturing and supply. His varied stints and large Business outlook gives him an added edge in preparing the Business for future. He has been instrumental in starting up various IML units and turning around difficult non profitable outsourcing locations into Profitable businesses for the Parent companies.

His tenure at PDL has been highly engaging and successful in resolving major challenges that were faced by the Company during the year. He Continues to pursue the implementation of the various compliance measures to ensure our Goal of transforming the Company to be The Most trusted and Best performing 'Grain to Glass' integrated Distillery in the country and as a Subsidiary of USL.

### i. Past Remuneration:

The remuneration drawn by Mr Ravi Varma in the preceding three financial years 2016-17, 2017-18 and 2018-19 are given below:

SL. NO	Financial Year	Name of the Company	Remuneration (Amt in Rs.)
1.	2016-17	United Spirits Limited	50,73,464.00
2.	2017-18	United Spirits Limited	48,74,549.00
3	2018-19	United Spirits Limited & Pioneer Distilleries Limited	61,16,274.00

ii. Recognition or Awards/Achievements: Mr. Varma has over 25 years of experience in the Alcoholic Beverage industry. He formerly was heading Site Manufacturing Operations of USL Nacharam and prior to that he had a challenging stint as a Chief Executive for South for Khoday's Franchise. In this position, Mr. Varma was instrumental in launching Khoday's Brands across South India, creating a lean manufacturing footprint across Andhra Pradesh (AP) & Tamil Nadu (TN). He steered premiumisation across Tamil Nadu market with new brand portfolio and created significant market penetration. He gathered significant

experience in his stint as a Director on board three other companies including one to enable successful execution of Power Project in Hassan. His stint with Shaw Wallace gave him functional and leadership exposure for about 12 years from 1993 to 2005 at various manufacturing locations.

His key achievements during his tenure at Shaw Wallace Company (SWC) were starting up of the Outsourcing sites, strategically move larger volumes, implementation of standards and enable delivering turnaround performances from each of those Units year after year. Each of the brand were localised for huge savings in logistics and to reach above a million mark with perfection and consistency. In his last assignment as Tie-up coordinator for AP, he executed the transition of SWC brand Outsourcing from Tie-up to royalty mode releasing cash flow and reduction of investments and interest costs. Also played a key role during the synergy of SWC and USL before moving as head of Manufacturing in AP. Earlier, during the stint in MGM Group he has taken additional challenge of the AP Sales of MGM brands, Bottling footprint in AP and a Distillery in TN turning around MGM operations from a loss making business to deliver double-digit growth.

iii. Job profile and his suitability: In his current position he leads the transformation journey of the company, to become one of India's best performing, most trusted, respected and best in class 'Grain to Glass' integrated Distillation business. His focus has been around building trust amongst stake holders by delivering consistent performance, with a key focus on compliance and ethics in line with global standards. Mr Varma is backed by his rich experience of the industry trends, strategies and stint with USL on implementation of Manufacturing Excellence, productivity improvement and to steer the Company to deliver consistent improvement and sustainability in line with the Vision 2022.

The last three year's performance of the Company is reproduced below:

(Figures In Rs. Lakhs)

Financial Year	Gross Sales	Profit After Tax	Market Capitalisation
2018-19	12822.44	(7514.86)	21970.04
2017-18	12370.03	7043.31	22565.81
2016-17	9403.31	(3020.05)	19540.08

In the context of extraordinary environmental changes due to significant shortfall of raw material due to poor rainfall, opening of export of molasses

## NOTICE (CONTINUED)

and permissions for supply of ethanol from captive sugar factories, strict adherence to environmental guidelines, regulatory changes like highway ban, alcohol exclusion in GST and its fall-out and the uncertainty caused by route to market changes in many states, the Company delivered an improved performance in the last couple of years. The focus has been on compliance and implementation of Global standards. In addition, the Company has also enhanced reach to improve community relations and closer coordination with authorities in rolling out various guidelines towards ease of doing business. The Company has taken various CSR initiatives, built a talented and inclusive work place and achieved significant progress.

- iv. Remuneration Proposed: Remuneration details are given in the Resolution no. 4
- v. 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.	Radico Khaitan	Rs. 5.38 Crores
2.	Som Distilleries	Rs 1.08 Crores
3.	Tilak Nagar Industries	Rs 8.2 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 challenged in its efforts to deliver the desired level of financial margins mainly due to various issues like environmental regulations and high dependency on the frequent changing government policies for enabling state revenue, increase in raw material costs, change in climatic conditions especially monsoon impact, subsidy realization, depreciation and interest on borrowings. Sustainability initiatives and adherence to the global standards for compliance also were rolled out to enable build trust amongst the community stake holders for reducing the interventions.

Apart from the above, the malt plant worked at sub-optimal capacity and the maintenance of the plant during the year affected the output from the factory.

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	2014-15	(3,365.47)	(10,515.11)
2	2015-16	3377.19	(7,137.92)
3	2016-17	(4,104.81)	(11,242.73)
4	2017-18	11,495.05	252.32
5	2018-19	(8,234.15)	(7,981.83)

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

Pursuant to the approval of the Board of Directors of the Company, the Company has invited subject matter experts to thoroughly study and roll out action plan for a phased implementation of the must do activities so as to improve the process and compliance. An assessment of non-performing assets and their sale will help in generating cash into the system by moving out of non-performing old assets. A detailed action plan to reduce downtime through preventive maintenance & stand-by accessories, and reduce effluent discharge including its effective disposal is underway. Substantial price improvement on every product has been marked up to be achieved in the year ahead. Steps are also taken to achieve 80% capacity next year and 90% plus capacity thereafter which will significantly contribute to the bottom line (considering majority overheads are fixed).

First lot of matured malt will be sold during F20 wherein the sales realisation is likely to be higher. Ethanol plant is expected to commence production in F20 which will help PDL in leveraging on pricing through production based on market demand. Plant is proactively working with regulators in resolving matters that may pose operational challenges. Proceeds from subsidy is expected to bring down debt and reduce interest burden

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

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

Financial Year	Gross Sales	Profit After Tax	Market Capitalisation
2018-19	12822.44	(6,721.33)	21,970.04
2017-18	12370.03	7,043.31	22,565.81
2016-17	9403.31	(3,020.05)	19,540.08



## NOTICE (CONTINUED)

- iv. Professional capacity – The MD & CEO is functioning in a professional capacity possessing expertise and specialised knowledge with business capabilities and is not having any interest in the capital of the company. The MD & CEO does not have any direct or indirect interest or related to the directors or promoters of the Company or its holding Company 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 – Not Applicable
  - (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).
  - (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

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

Your Directors recommend the Ordinary resolution set forth in Item No. 3 and special resolution set out in Item No. 4 for your approval.

### **Item No. 5: Appointment of Ms. Srivathsala K N as a Director:**

Ms. Srivathsala K N, Director of the Company, who was appointed as an additional director in the capacity of Independent Director with effect from 2<sup>nd</sup> October, 2018 for a period of five years at the board meeting held on 1<sup>st</sup> October, 2018 in place of Ms. Junia Sebastian consequent upon her resignation due to personal reasons. Pursuant to the provisions of Section 161 of the Companies Act, 2013, any director appointed as an additional director at a board meeting will hold office of additional director up to the date of ensuing Annual General Meeting. Accordingly, it is proposed to appoint Ms. Srivathsala K N as an Independent director pursuant to Section 149, 160, 161 and other applicable provisions, if any of the Companies Act, 2013 and the Articles of Association of the Company.

Ms. Srivathsala's competencies, qualification and experience are provided in the disclosure relating to the directors pursuant to Regulation 36(3) of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on general meetings, which forms part of this notice.

No director, key managerial personnel or their respective relatives, except Ms. Srivathsala K N, to whom the resolution relates, is interested or concerned, financially or

## NOTICE (CONTINUED)

otherwise, in the resolution. Ms. Srivathsala K N does not hold, by herself or for any other person on a beneficial basis any shares in the Company.

Your Directors recommend the Ordinary resolution set forth in Item No. 5 for your approval.

### Item No. 6: Availing loans and take guarantee from Related Party:

Pioneer Distilleries Limited (PDL), a listed subsidiary (with 75% holding) of United Spirits Limited (USL), is in the business of manufacturing and selling Extra Neutral Alcohol (ENA) (both Molasses and Grain based) and Malt Spirit. PDL also carries bottling on behalf of USL for supply in the State of Maharashtra. PDL is a strategic partner of USL as it supplies key raw materials in the state of Maharashtra. PDL has in recent past, carried out significant capital expansion and overhauling of its plant. Operations are currently in the process of stabilisation. PDL is eligible for Grant from the Government of Maharashtra for the capital expenditure made. Plant was earlier expected to stabilise and deliver profits from financial year (FY) 2020. However, due to several operational challenges as explained in Clause 'C' - other information, in the explanatory statement relating to Item No. 3 & 4 of the businesses to be transacted, plant continues to report cash losses and is expected to reach steady state by FY 2022. To support capital expansion & operations, PDL has availed loan of INR 135 Crs from USL and INR 350 Crs limit of loan from Deutsche Bank (DB). INR 234 Crs has been availed till date from DB against this facility.

The said DB facility was extended in the backdrop of Letter of Comfort from USL & anticipated improvement in performance for FY 2019 & FY 2020 onwards. Considering the support required for PDL's operations this proposal is proposed as an enabling provision to augment the ability of PDL to raise resources to face any eventuality in future.

The existing limits and revised limits are summarised below:

(Amount in Rs. Crores)

S. No.	Particulars	Existing Limits	Additional Limits Proposed	Revised Aggregate Limits
1.	Loan from USL	285	200	485
2.	Guarantee from USL	150	200	350

Aforesaid proposals i.e., availing of loan from USL and to take corporate guarantee from USL are planned to provide the required flexibility in funding. The guarantee commission payable will be at prevailing market rate from time to time and shall be within the range of 0.25% to 0.75% p.a.

The above proposal is within the overall limit previously approved by the members pursuant to the provisions of

Section 180 of the Companies Act, 2013 of the resolution passed by the members on 26<sup>th</sup> September 2014.

The related party, viz., holding company cannot vote in favour of the resolution as proposed and if voted in favour, the same will not be taken into cognizance.

No Director, key managerial personnel or their respective relatives is concerned or interested, financially or otherwise, in the resolution.

Your Directors recommend the ordinary resolution set forth in Item No. 6 for your approval.

By Order of the Board

Bengaluru  
July 18, 2019

**Akshara B L**  
Company Secretary

### Disclosure relating to Directors pursuant to Regulation 36 (3) of the SEBI Listing Regulations and Secretarial Standards on General Meetings:

#### Brief profile of the Directors

#### Ravi Varma (Managing Director)

Name of Director	<b>Mr. Ravi Varma</b>
Date of Birth	June 09, 1971
Age	48 years
Date of Appointment	3 <sup>rd</sup> October, 2018
Expertise in specific functional Areas	Handling Manufacturing and operational Excellence
Experience	25 years in Alcoholic Beverage Industry
Qualifications	Science Graduate from Osmania University. Pursuing MBA in Supply Chain Management from Narsee Monjee.
No. of Board meetings attended	3
List of other Indian Directorships held	1
* Chairperson/ Member of the Committee of the Board of Directors of the Company	2
* Chairperson/ Member of the Committee of the Board of Directors of other companies in which he is a Director	NIL
a. Audit Committee	NIL
b. Stakeholders Relationship Committee	1
No. of Shares held in the Company	NIL

**NOTICE (CONTINUED)**

Relationship with other Directors/ Manager/ Key Managerial Personnel	NA
Terms and Conditions of appointment or re-appointment	Same as mentioned in resolution no. 3 & 4 and Explanatory statement
Details of Remuneration sought to be paid	Same as mentioned in resolution no. 4 and Explanatory statement
Last drawn remuneration	CTC 59,69,805/- PA

Mr Ravi Varma has an Experience of about 25 years in Alcoholic Beverage Industry. Prior to moving to Pioneer Distilleries, he was with United Spirits Limited (USL), presently a Diageo group company from January 2013 to September 2018, wherein he was responsible for handling manufacturing operations and operational excellence. He was instrumental in carrying out significant transformation of the sites, operations, overall performance & productivity, implementing Operational Excellence and team capability at Nacharam distillery of USL. He had worked with various companies in different roles in Shaw Wallace and as Manufacturing Head of MGM Unit in Andhra Pradesh. He was on the board as an Executive Director in Kakatiya Properties, Flax Hydro Energy (Lead Hydel Power-Project) and SML Beverages. He was also heading as a Chief Executive Franchise (M&S Bottling), Khoday's franchise partner for south handling Business - Supply and Demand teams while Heading Business in South prior to his role in USL.

**Ajay Goel:**

Name of Director	Mr. Ajay Goel
Date of Birth	December 04, 1975
Age	44 years
Date of Appointment	7 <sup>th</sup> March, 2018
Expertise in specific functional Areas	Accounts, Finance, Treasury, Taxation and Risk Management
Experience	18 Years of diversified Experience
Qualifications	Commerce Graduate, Chartered Accountant and Company Secretary
No. of Board meetings attended	5
List of other Indian Directorships held	1
* Chairperson/ Member of the Committee of the Board of Directors of the Company	1
* Chairperson/ Member of the Committee of the Board of Directors of other companies in which he is a Director	NIL
a. Audit Committee	NIL

b. Stakeholders Relationship Committee	NIL
No. of Shares held in the Company	NIL
Relationship with other Directors/ Manager/ Key Managerial Personnel	NA
Terms and Conditions of appointment or re-appointment	Nominee director of United Spirits Limited liable to retire by rotation and not entitle for sitting fees and remuneration.
Details of Remuneration sought to be paid	NA
Last drawn remuneration	NA

Ajay Goel is Executive Vice President and Finance Controller for United Spirits Limited (USL) – a Diageo Group Company and is part of Diageo India Leadership Team. He is responsible for controllership, taxation, treasury, risk management functions for USL and governance of 18 subsidiaries network for Diageo in India.

He has around 18 years of diversified work experience with Nestle, Coca-Cola, GE and now with Diageo. In his career spanning across FMCG and Industrial companies, Ajay has worked both in technical finance and business finance in the areas of Financial Planning and Analysis, Controllership, Supply, finance and as CFO.

Prior to joining Diageo, Ajay was with General Electric (GE) where he spent 10 years in various roles of increasing responsibility including CFO - GE Light India and CFO – Supply Chain GE India region.

**Srivathsala K N:**

Name of Director	Ms. Srivathsala K N
Date of Birth	December 03, 1976
Age	43 years
Date of Appointment	2 <sup>nd</sup> October, 2018
Expertise in specific functional Areas	Business strategy and Financial Management
Experience	14 years
Qualifications	Post-graduate degree in Commerce from Bangalore University
No. of Board meetings attended	3
List of other Indian Directorships held	5
* Chairperson/ Member of the Committee of the Board of Directors of the Company	4
* Chairperson/ Member of the Committee of the Board of Directors of other companies in which she is a Director	NIL

**NOTICE (CONTINUED)**

a. Audit Committee	NIL
b. Stakeholders Relationship Committee	NIL
No. of Shares held in the Company	NIL
Relationship with other Directors/ Manager/ Key Managerial Personnel	NA
Terms and Conditions of appointment or re-appointment	Appointed as an Independent Director for a term of Five Years with effect from 2 <sup>nd</sup> October, 2018 and eligible for sitting fees and remuneration subject to Section 197 & 198 of Companies Act, 2013
Details of Remuneration sought to be paid	NA
Last drawn remuneration	NA

Ms. Srivathsala is an Entrepreneur and an Angel Investor. She is Mentoring many companies in the area of business strategy and Financial Management. She is also founder of four organisations.

As a mentor she guides entrepreneurs on how to start and grow a profitable business that make a positive impact.

She helps them to recognise great business ideas/models from amongst flurry of possible business avenues. She also helps to build a fast-growing organisation on a foundation of strong cultural values.

She is also a mentor at Prahlad Kakkar’s Institute of Branding and Entrepreneurship and IIT Mumbai, she has been interacting with students at various levels on financial planning and entrepreneurship. She has conducted various Training and Awareness Programs on Entrepreneurship and Financial Literacy for corporates, public and Students. She is a noted speaker on the topic of Financial Planning and Entrepreneurship in reputed forums such as SEBI, National Stock Exchange, Times Foundation, The Christ University, RBI, Bank of India, many IT companies and WEConnect. Srivathsala’s views are quoted in Times of India, Hindu Business Line, Economic Time, Mint etc. She is a Certified Financial Planner and holds a Post-graduate degree in Commerce from Bangalore University. She is also an Institute of Chartered Accountants India’s qualified “Accounting Technician”

*\*Note: Includes membership in other Committees apart from Audit and Stakeholders Relationship Committee.*

By Order of the Board

Bengaluru  
July 18, 2019

**Akshara B L**  
Company Secretary

**Route Map to The Capitol Hotel**



**Venue:**  
The Capitol, No.3, Raj Bhavan Road,  
Bengaluru – 560 001